

AMENDED IN SENATE APRIL 15, 2013

SENATE BILL

No. 820

Introduced by Committee on Governmental Organization (Senators Wright (Chair), Berryhill, Calderon, Cannella, Correa, De León, Galgiani, Hernandez, Lieu, Nielsen, and Padilla)

March 14, 2013

~~An act relating to state government.~~ *An act to amend Sections 19821, 19876, 19912, and 19951 of the Business and Professions Code, to amend Sections 1916.12, 1918.5, and 5405 of the Civil Code, to amend Sections 14024, 14025, 14026, 14027, 14028, 14030.2, 14034, 14036, 14037, 14037.5, 14037.7, 14038, 14039, 14040, 14041, 14043, 14061, 14065, 14066, 14070, 14071, 14071.5, 14072, 14074, 14075, 14076, 14085, 14086, 29503, and 31004 of, and to amend the heading of Article 4 (commencing with Section 14025) of Chapter 1 of Part 5 of Division 3 of Title 1 of, the Corporations Code, to amend Sections 300, 301, 320, 326, 350, 353, 4805.055, 5104, 12003, 14003, 14200.1, 14200.2, 17002, 18002, 22005, 30002, 31055, and 50003 of, and to repeal and add Sections 351 and 371 of, the Financial Code, to amend Sections 8684.2, 11532, 11534, 11538, 11539, 11540, 11541, 11542, 11544, 11546, 11549, 11549.1, 11549.3, 12802.8, 13995.60, 13995.64.5, 13995.65.5, 13997.7, 14030, 14998.3, 14998.4, 14998.6, 14998.7, 15251, 15277, 53108.5, 53113, 53114, 53114.1, 53114.2, 53115, 53115.1, 53115.2, 53115.3, 53116, 53119, 53120, 53126.5, 53661, and 65040.12 of, and to amend the heading of Article 5 (commencing with Section 13995.50) of Chapter 1 of Part 4.7 of Division 3 of Title 2 of, and to repeal Section 13995.92 of, the Government Code, to amend Sections 71.4, 71.7, 72.6, 76.5, 76.6, 82, and 82.3 of the Harbors and Navigation Code, to amend Sections 40448.6 and 44272 of the Health and Safety Code, to amend Sections 326.3 and 326.5 of the Penal Code, to amend Section 25464 of the Public Resources Code, to amend Section*

41136 of the Revenue and Taxation Code, and to amend Sections 335, 10200, 10202.5, and 15002 of the Unemployment Insurance Code, relating to state government, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 820, as amended, Committee on Governmental Organization. ~~Governor's Reorganization Plan No. 2 of 2012.~~ *State government.*

(1) Existing law and the Governor's Reorganization Plan No. 2 of 2012 (GRP 2), effective on July 3, 2012, and operative on July 1, 2013, assigns and reorganizes the functions of state government among executive officers and agencies by creating the following general agency structure in the executive branch: Business, Consumer Services, and Housing; Government Operations; Corrections and Rehabilitation; Labor and Workforce Development; California Health and Human Services; Environmental Protection; Natural Resources; and Transportation. In creating the new general agency structure, existing law and the GRP 2, abolished certain existing state entities and offices, including, among others, the Business, Transportation and Housing Agency and its secretary.

This bill would generally enact the statutory changes to make conforming name changes to properly reflect the assignment and reorganization of the functions of state government among the newly established executive entities and officers and reallocate certain duties of abolished executive entities and officers to the newly established ones.

(2) Existing law and the GRP 2 transfer the duties and authorities of the Department of Boating and Waterways to the Division of Boating and Waterways in the Department of Parks and Recreation and reallocate specified duties between the division and the Boating and Waterways Commission.

This bill would further modify duties between the division and the commission, including, among others, removing requirements for the consent of the commission for the department to make certain transfers, loans, or grants under various programs and other proposals, as specified.

(3) Existing law and the GRP 2 transfer a requirement that the Business, Transportation and Housing Agency establish small business

financial development corporations to the Governor's Office of Business and Economic Development.

This bill would make conforming changes with respect to the transfer of this duty.

(4) Existing law authorizes the State Energy Resources Conservation and Development Commission (Energy Commission) to work with the Business, Transportation and Housing Agency to implement the program funded by federal funds allocated to, and received by, the state for energy-related projects pursuant to the American Recovery and Reinvestment Act of 2009 and other federal acts related to the American Recovery and Reinvestment Act of 2009.

This bill would authorize the Energy Commission to work instead with the Governor's Office of Business and Economic Development.

(5) The California Tourism Marketing Act provides for the establishment of the California Travel and Tourism Commission within the Business, Transportation and Housing Agency.

This bill would remove references to the abolished agency in the act and delete obsolete provisions.

(6) Existing law and the GRP 2 transfer the California Film Commission and the Film California First Program from the Business, Transportation and Housing Agency to the Governor's Office of Business and Economic Development.

This bill would make administrative changes consistent with that transfer.

(7) The GRP 2 reallocates certain licensing and regulatory functions between the California Gambling Control Commission and the Department of Justice related to gaming.

This bill would reallocate additional functions among the commission to the department, including, among others, requiring the department, rather than the commission, to decide whether the payment of the annual gambling license fee is on an annual or installment basis.

(8) Existing law and the GRP 2 reallocates certain duties and functions of the Business, Transportation and Housing Agency related to the small business loan guarantee program, the disaster assistance loan program, the economic adjustment assistance grant, the employment training panel, green collar jobs program, and the film industry.

This bill would further reallocate the duties and functions of this abolished agency with regard to these programs and this industry.

(9) Existing law requires common interest developments to submit specified information, including personal identifying information regarding the president of the association, to the Secretary of State, who is required to make the information available for governmental purposes under specified conditions to certain entities, including, among others, the Business, Transportation and Housing Agency.

This bill would replace the abolished agency with the Business, Consumer Services, and Housing Agency.

(10) Existing law authorizes the Secretary of Business, Transportation and Housing to prescribe specified rules and regulations relating to certain mortgage instruments.

This bill would transfer the duties of the abolished officer with the Secretary of Business, Consumer Services, and Housing.

(11) Existing law authorizes the Governor to, with respect to the Business, Transportation and Housing Agency, appoint a Deputy Secretary of Housing to advise that agency's secretary on housing matters.

The bill would modify the Governor's authorization to appoint a Deputy Secretary of Housing Coordination to serve as the Secretary of Transportation's primary advisor on housing matters, as specified.

(12) Existing law provides that, among other things, the powers and duties of the Department of Transportation include investigating and reporting to the Secretary of Business, Transportation and Housing upon the consistency between housing plans and programs and federal transportation plans and programs.

This bill would instead provide that the Department of Transportation report under these circumstances to the Secretary of Transportation and the Secretary of Business, Consumer Services, and Housing, as specified.

(13) Existing law requires the Director of the Office of Planning and Research to consult with the Secretary of Business, Transportation and Housing, as specified.

This bill would instead require the director to consult with the Secretary of Business, Consumer Services, and Housing under these circumstances, as specified.

(14) The GRP 2 reorganizes the Department of Corporations and the Department of Financial Institutions into divisions under the Department of Business Oversight, within the Business, Consumer Services, and Housing Agency. Under the GRP 2, the executive officer of the Department of Business Oversight is the Commissioner of

Business Oversight, and the department's administration includes a Deputy Commissioner of Business Oversight for the Division of Corporations, and a Deputy Commissioner of Business Oversight for the Division of Financial Institutions.

This bill would enact statutory changes to implement the above-described organizational structure by transferring the responsibilities of the Department of Corporations and the Department of Financial Institutions to the newly established Department of Business Oversight and its Division of Corporations and Division of Financial Institutions, headed by Senior Deputy Commissioners and the Office of Credit Unions, as specified. This bill would make other conforming changes to the duties of the Department of Business Oversight to include additional activities relating to the functions of corporations and financial institutions. The bill would require the Senior Deputy Commissioner of Business Oversight for the Division of Financial Institutions to employ legal counsel to act as the attorney for the commissioner under specified circumstances.

(15) The GRP 2 recasts the California Technology Agency as the Department of Technology within the Government Operations Agency.

This bill would make various technical, nonsubstantive conforming changes to further reflect this reorganization. This bill would also designate that the Office of Technology Services and the Office of Information Security, each within the Department of Technology, is managed or under the direction of a chief. This bill would also rename the Public Safety Communications Division, also within the department, as the Public Safety Communications Office.

(16) This bill would become operative on July 1, 2013.

(17) This bill would declare that it is to take effect immediately as an urgency statute.

~~Existing law and the Governor's Reorganization Plan No. 2 of 2012 (GRP 2), as of July 1, 2013, among other things, reorganizes state government into the following agencies: Business, Consumer Services and Housing, Government Operations, Corrections and Rehabilitation, Labor and Workforce Development, California Health and Human Services, Environmental Protection, Natural Resources, and Transportation.~~

~~This bill would state the intent of the Legislature to enact legislation to make conforming programmatic changes to implement the provisions of GRP 2.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 19821 of the Business and Professions*
2 *Code is amended to read:*
3 19821. (a) The commission shall cause to be made and kept
4 a record of all proceedings at regular and special meetings of the
5 commission. These records shall be open to public inspection.
6 (b) ~~The commission~~ *department* shall maintain a file of all
7 applications for licenses under this ~~chapter, together with~~ *chapter*.
8 *The commission shall maintain* a record of all actions taken with
9 respect to those applications. The file and record shall be open to
10 public inspection.
11 (c) The department and commission may maintain any other
12 files and records as they deem appropriate. Except as provided in
13 this chapter, the records of the department and commission are
14 exempt from disclosure under Chapter 3.5 (commencing with
15 Section 6250) of Division 7 of Title 1 of the Government Code.
16 (d) Except as necessary for the administration of this chapter,
17 no commissioner and no official, employee, or agent of the
18 commission or the department, having obtained access to
19 confidential records or information in the performance of duties
20 pursuant to this chapter, shall knowingly disclose or furnish the
21 records or information, or any part thereof, to any person who is
22 not authorized by law to receive it. A violation of this subdivision
23 is a misdemeanor.
24 (e) Notwithstanding subdivision (k) of Section 1798.24 of the
25 Civil Code, a court shall not compel disclosure of personal
26 information in the possession of the department or the commission
27 to any person in any civil proceeding wherein the department or
28 the commission is not a party, except for good cause and upon a
29 showing that the information cannot otherwise be obtained.
30 ~~Nothing herein This section shall be construed to not authorize the~~
31 disclosure of personal information that ~~would~~ *is otherwise be*
32 exempt from disclosure.
33 *SEC. 2. Section 19876 of the Business and Professions Code*
34 *is amended to read:*

1 19876. (a) Subject to the power of the commission to deny,
2 revoke, suspend, condition, or limit any license, as provided in
3 this chapter, a license shall be renewed biennially.

4 (b) An application for renewal of a gambling license shall be
5 filed by the owner licensee or key employee with the ~~commission~~
6 *department* no later than 120 calendar days prior to the expiration
7 of the current license. The commission shall act upon any
8 application for renewal prior to the date of expiration of the current
9 license. Upon renewal of any owner license, the commission shall
10 issue an appropriate renewal certificate or validating device or
11 sticker.

12 (c) Notwithstanding the provisions of subdivision (b), if an
13 owner licensee has submitted an application for renewal prior to
14 the original expiration date of the current license and the
15 commission is unable to act on the application prior to the
16 expiration date, the commission may extend the current license
17 for up to 180 days.

18 (d) Unless the commission determines otherwise, renewal of
19 an owner's gambling license shall be deemed to effectuate the
20 renewal of every other gambling license endorsed thereon.

21 (e) In addition to the penalties provided by law, any owner
22 licensee who deals, operates, carries on, conducts, maintains, or
23 exposes for play any gambling game after the expiration date of
24 the gambling license is liable to the state for all license fees and
25 penalties that would have been due upon renewal.

26 (f) If an owner licensee fails to renew the gambling license as
27 provided in this chapter, the commission may order the immediate
28 closure of the premises and a cessation of all gambling activity
29 therein until the license is renewed.

30 (g) If an owner licensee submits an application for renewal of
31 the gambling license after the deadline set in subdivision (b) but
32 before the original expiration date of the license, the commission
33 may assess reasonable delinquency fees not to exceed three times
34 the usual application fee.

35 *SEC. 3. Section 19912 of the Business and Professions Code*
36 *is amended to read:*

37 19912. (a) (1) A person shall not be employed as a gambling
38 enterprise employee, or serve as an independent agent, except as
39 provided in paragraph (2), unless he or she is the holder of one of
40 the following:

1 (A) A valid work permit issued in accordance with the applicable
2 ordinance or regulations of the county, city, or city and county in
3 which his or her duties are performed.

4 (B) A work permit issued by the commission pursuant to
5 regulations adopted by the commission for the issuance and
6 renewal of work permits. A work permit issued by the commission
7 shall be valid for two years.

8 (2) An independent agent is not required to hold a work permit
9 if he or she is not a resident of this state and has registered with
10 the department in accordance with regulations.

11 (b) A work permit shall not be issued by any city, county, or
12 city and county to any person who would be disqualified from
13 holding a state gambling license for the reasons specified in
14 subdivisions (a) to (g), inclusive, of Section 19859.

15 (c) The department may object to the issuance of a work permit
16 by a city, county, or city and county for any cause deemed
17 reasonable by the department, and if the department objects to
18 issuance of a work permit, the work permit shall be denied.

19 (1) The commission shall adopt regulations specifying particular
20 grounds for objection to issuance of, or refusal to issue, a work
21 permit.

22 (2) The ordinance of any city, county, or city and county relating
23 to issuance of work permits shall permit the department to object
24 to the issuance of any permit.

25 (3) Any person whose application for a work permit has been
26 denied because of an objection by the department may apply to
27 the commission for an evidentiary hearing in accordance with
28 regulations.

29 (d) Application for a work permit for use in any jurisdiction
30 where a locally issued work permit is not required by the licensing
31 authority of a city, county, or city and county shall be made to the
32 ~~commission~~, *department*, and may be granted or denied for any
33 cause deemed reasonable by the commission. If the commission
34 denies the application, it shall include in its notice of denial a
35 statement of facts upon which it relied in denying the application.
36 Upon receipt of an application for a work permit, the commission
37 may issue a temporary work permit for a period not to exceed 120
38 days, pending completion of the background investigation by the
39 department and official action by the commission with respect to
40 the work permit application.

1 (e) An order of the commission denying an application for, or
2 placing restrictions or conditions on, a work permit, including an
3 order declining to issue a work permit following review pursuant
4 to paragraph (3) of subdivision (c), may be reviewed in accordance
5 with subdivision (e) of Section 19870.

6 *SEC. 4. Section 19951 of the Business and Professions Code*
7 *is amended to read:*

8 19951. (a) Every application for a license or approval shall be
9 accompanied by a nonrefundable fee, the amount of which shall
10 be adopted by regulation on or before January 1, 2009. The adopted
11 fee shall not exceed one thousand two hundred dollars (\$1,200).
12 Prior to adoption of the regulation, the nonrefundable application
13 fee shall be five hundred dollars (\$500).

14 (b) (1) Any fee paid pursuant to this section, including all
15 licenses issued to key employees and other persons whose names
16 are endorsed upon the license, shall be assessed against the
17 gambling license issued to the owner of the gambling
18 establishment. This paragraph shall not apply to key employee
19 licenses issued on and after January 1, 2009, or the implementation
20 of regulations establishing a personal key employee license adopted
21 pursuant to Section 19854, whichever is sooner.

22 (2) (A) The fee for initial issuance of a state gambling license
23 shall be an amount determined by the commission in accordance
24 with regulations adopted pursuant to this chapter.

25 (B) The fee for the renewal of a state gambling license shall be
26 determined pursuant to the schedule in subdivision (c) or the
27 schedule in subdivision (d), whichever amount is greater.

28 (C) The holder of a provisional license shall pay an annual fee
29 pursuant to the schedule in subdivision (c).

30 (c) The schedule based on the number of tables is as follows:

31 (1) For a license authorizing one to five tables, inclusive, at
32 which games are played, three hundred dollars (\$300) for each
33 table.

34 (2) For a license authorizing six to eight tables, inclusive, at
35 which games are played, five hundred fifty dollars (\$550) for each
36 table.

37 (3) For a license authorizing 9 to 14 tables, inclusive, at which
38 games are played, one thousand three hundred dollars (\$1,300) for
39 each table.

1 (4) For a license authorizing 15 to 25 tables, inclusive, at which
2 games are played, two thousand seven hundred dollars (\$2,700)
3 for each table.

4 (5) For a license authorizing 26 to 70 tables, inclusive, at which
5 games are played, four thousand dollars (\$4,000) for each table.

6 (6) For a license authorizing 71 or more tables at which games
7 are played, four thousand seven hundred dollars (\$4,700) for each
8 table.

9 (d) Without regard to the number of tables at which games may
10 be played pursuant to a gambling license, if, at any time of any
11 license renewal, or when a licensee is required to pay the fee
12 described in subparagraph (C) of paragraph (2) of subdivision (b)
13 it is determined that the gross revenues of an owner licensee during
14 the licensee's previous fiscal year fell within the following ranges,
15 the annual fee shall be as follows:

16 (1) For a gross revenue of two hundred thousand dollars
17 (\$200,000) to four hundred ninety-nine thousand nine hundred
18 ninety-nine dollars (\$499,999), inclusive, the amount specified by
19 the department pursuant to paragraph (2) of subdivision (c).

20 (2) For a gross revenue of five hundred thousand dollars
21 (\$500,000) to one million nine hundred ninety-nine thousand nine
22 hundred ninety-nine dollars (\$1,999,999), inclusive, the amount
23 specified by the department pursuant to paragraph (3) of
24 subdivision (c).

25 (3) For a gross revenue of two million dollars (\$2,000,000) to
26 nine million nine hundred ninety-nine thousand nine hundred
27 ninety-nine dollars (\$9,999,999), inclusive, the amount specified
28 by the department pursuant to paragraph (4) of subdivision (c).

29 (4) For a gross revenue of ten million dollars (\$10,000,000) to
30 twenty-nine million nine hundred ninety-nine thousand nine
31 hundred ninety-nine dollars (\$29,999,999), the amount specified
32 by the department pursuant to paragraph (5) of subdivision (c).

33 (5) For a gross revenue of thirty million dollars (\$30,000,000)
34 or more, the amount specified by the department pursuant to
35 paragraph (6) of subdivision (c).

36 (e) ~~The commission~~ *department* may provide for payment of
37 the annual gambling license fee on an annual or installment basis.

38 (f) For the purposes of this section, each table at which a game
39 is played constitutes a single game table.

1 (g) It is the intent of the Legislature that the fees paid pursuant
2 to this section are sufficient to enable the department and the
3 commission to fully carry out their duties and responsibilities under
4 this chapter.

5 *SEC. 5. Section 1916.12 of the Civil Code is amended to read:*

6 1916.12. (a) The Legislature finds that the economic
7 environment of financial institutions has become increasingly
8 volatile as a result of regulatory revisions enacted by the United
9 States Congress and federal agencies—~~such as~~, *including*, but not
10 necessarily limited to, the Comptroller of the Currency, the Federal
11 Home Loan Bank Board, Federal Reserve Board, and the
12 Depository Institutions Deregulation Committee. The Legislature
13 further finds that deposit rate ceilings are being phased out while
14 the cost of and competition for funds have escalated. It is the
15 purpose of this section to maintain the quality of competition
16 between state-licensed and federally regulated financial institutions
17 in the field of mortgage lending, as well as promote the
18 convenience, advantage and best interests of California residents
19 in their pursuit of adequate and available housing. In order to
20 remain competitive and provide the optimum housing environment
21 for the citizens of California, state institutions require the ability
22 to respond in a timely manner to changes in mortgage lending
23 parameters initiated at the federal level. Local regulatory guidelines
24 must promote continued parity between the state and federal levels
25 in order to avoid creation of discriminatory burdens upon state
26 institutions and to protect interests held by California citizens. It
27 is the intent of the Legislature to eliminate past and prevent future
28 inequities between state and federal financial institutions doing
29 business in the State of California by creating a sensitive and
30 responsive mortgage parity procedure.

31 (b) The Secretary of the Business, ~~Transportation~~ *Consumer*
32 *Services*, and Housing Agency, or the secretary's designee as
33 defined by subdivision (c) of Section 1918.5 of the Civil Code,
34 shall have the authority to prescribe rules and regulations extending
35 to lenders who make loans upon the security of residential real
36 property any right, power, privilege or duty relating to mortgage
37 instruments that is equivalent to authority extended to
38 federally-regulated financial institutions by federal statute or
39 regulation.

(c) In order to grant equivalent mortgage lending authority to state financial institutions to that which has been extended to federal financial institutions, the secretary or the secretary's designee shall adopt such regulations within 60 days of the effective date of the statute or regulation extending the comparable right, power, privilege or duty to federally regulated financial institutions.

(d) The provisions of Sections 1916.5, 1916.6, 1916.7, 1916.8, and 1916.9, and ~~Chapter 5 (commencing with Section 1918) of the Civil Code~~, and any other provisions of law relating to the requirements for changes in the rate of interest on loans, shall not be applicable to loans made pursuant to the provisions of this section and regulations promulgated thereunder.

(e) Any regulations adopted pursuant to this section shall expire on January 1 of the second succeeding year following the end of the calendar year in which the regulation was promulgated. Subsequent amendments to these regulations cannot extend this expiration date.

(f) This section shall become operative on December 31, 1983.

SEC. 6. Section 1918.5 of the Civil Code is amended to read:
1918.5. As used in this chapter:

(a) "Evidence of debt" means a note or negotiable instrument.

(b) "Secretary" means the Secretary of the Business, Transportation Consumer Services, and Housing Agency. ~~Housing.~~

(c) "Secretary's designee" means the director of a department within the agency that licenses or regulates the institutions, organizations or persons engaged in a business related to or affecting compliance with this chapter.

(d) "Security document" means a mortgage contract, deed of trust, real estate sales contract, or any note or negotiable instrument issued in connection therewith, when its purpose is to finance the purchase or construction of real property occupied or intended to be occupied by the borrower, containing four or fewer residential units or on which four or fewer residential units are to be constructed.

SEC. 7. Section 5405 of the Civil Code is amended to read:

5405. (a) To assist with the identification of common interest developments, each association, whether incorporated or unincorporated, shall submit to the Secretary of State, on a form and for a fee not to exceed thirty dollars (\$30) that the Secretary

1 of State shall prescribe, the following information concerning the
2 association and the development that it manages:

3 (1) A statement that the association is formed to manage a
4 common interest development under the Davis-Stirling Common
5 Interest Development Act.

6 (2) The name of the association.

7 (3) The street address of the business or corporate office of the
8 association, if any.

9 (4) The street address of the association's onsite office, if
10 different from the street address of the business or corporate office,
11 or if there is no onsite office, the street address of the responsible
12 officer or managing agent of the association.

13 (5) The name, address, and either the daytime telephone number
14 or e-mail address of the president of the association, other than the
15 address, telephone number, or e-mail address of the association's
16 onsite office or managing agent.

17 (6) The name, street address, and daytime telephone number of
18 the association's managing agent, if any.

19 (7) The county, and, if in an incorporated area, the city in which
20 the development is physically located. If the boundaries of the
21 development are physically located in more than one county, each
22 of the counties in which it is located.

23 (8) If the development is in an unincorporated area, the city
24 closest in proximity to the development.

25 (9) The front street and nearest cross street of the physical
26 location of the development.

27 (10) The type of common interest development managed by the
28 association.

29 (11) The number of separate interests in the development.

30 (b) The association shall submit the information required by
31 this section as follows:

32 (1) By incorporated associations, within 90 days after the filing
33 of its original articles of incorporation, and thereafter at the time
34 the association files its statement of principal business activity
35 with the Secretary of State pursuant to Section 8210 of the
36 Corporations Code.

37 (2) By unincorporated associations, in July 2003, and in that
38 same month biennially thereafter. Upon changing its status to that
39 of a corporation, the association shall comply with the filing
40 deadlines in paragraph (1).

1 (c) The association shall notify the Secretary of State of any
2 change in the street address of the association's onsite office or of
3 the responsible officer or managing agent of the association in the
4 form and for a fee prescribed by the Secretary of State, within 60
5 days of the change.

6 (d) The penalty for an incorporated association's noncompliance
7 with the initial or biennial filing requirements of this section shall
8 be suspension of the association's rights, privileges, and powers
9 as a corporation and monetary penalties, to the same extent and in
10 the same manner as suspension and monetary penalties imposed
11 pursuant to Section 8810 of the Corporations Code.

12 (e) The statement required by this section may be filed,
13 notwithstanding suspension of the corporate powers, rights, and
14 privileges under this section or under provisions of the Revenue
15 and Taxation Code. Upon the filing of a statement under this
16 section by a corporation that has suffered suspension under this
17 section, the Secretary of State shall certify that fact to the Franchise
18 Tax Board and the corporation may thereupon be relieved from
19 suspension, unless the corporation is held in suspension by the
20 Franchise Tax Board by reason of Section 23301, 23301.5, or
21 23775 of the Revenue and Taxation Code.

22 (f) The Secretary of State shall make the information submitted
23 pursuant to paragraph (5) of subdivision (a) available only for
24 governmental purposes and only to Members of the Legislature
25 and the Business, ~~Transportation~~ *Consumer Services*, and Housing
26 Agency, upon written request. All other information submitted
27 pursuant to this section shall be subject to public inspection
28 pursuant to the California Public Records Act (Chapter 3.5
29 (commencing with Section 6250) of Division 7 of Title 1 of the
30 Government Code). The information submitted pursuant to this
31 section shall be made available for governmental or public
32 inspection.

33 (g) Whenever any form is filed pursuant to this section, it
34 supersedes any previously filed form.

35 (h) The Secretary of State may destroy or otherwise dispose of
36 any form filed pursuant to this section after it has been superseded
37 by the filing of a new form.

38 *SEC. 8. Section 14024 of the Corporations Code is amended*
39 *to read:*

1 14024. The ~~agency~~ *manager* shall adopt regulations concerning
2 the implementation of this chapter and direct lending as emergency
3 regulations in accordance with Chapter 3.5 (commencing with
4 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
5 Code. The adoption of these regulations is an emergency and
6 necessary for the immediate preservation of the public peace, health
7 and safety, or general welfare within the meaning of subdivision
8 (b) of Section 11346.1 of the Government Code. Notwithstanding
9 subdivision (e) of Section 11346.1 of the Government Code, the
10 regulations shall not remain in effect for more than 180 days unless
11 the ~~agency~~ *Governor's Office of Business and Economic*
12 *Development* complies with all provisions of Chapter 3.5
13 (commencing with Section 11340) of Part 1 of Division 3 of Title
14 2 of the Government Code, as required by subdivision (e) of
15 Section 11346.1 of the Government Code. This section also applies
16 to any direct loan program administered by the ~~agency~~ *Governor's*
17 *Office of Business and Economic Development*.

18 *SEC. 9. Section 14025 of the Corporations Code is amended*
19 *to read:*

20 14025. The ~~director~~ *manager* shall do all of the following:

- 21 (a) Administer this part.
22 (b) In accordance with program resources, stimulate the
23 formation of corporations and the use of branch offices for the
24 purposes of making this program accessible to all areas of the state.
25 (c) Expeditiously approve or disapprove the articles of
26 incorporation and any subsequent amendments to the articles of
27 incorporation of a corporation.
28 (d) Require each corporation to submit an annual written plan
29 of operation.
30 (e) Review reports from the Department of Financial Institutions
31 and inform corporations as to what corrective action is required.
32 (f) Examine, or cause to be examined, at any reasonable time,
33 all books, records, and documents of every kind, and the physical
34 properties of a corporation. The inspection shall include the right
35 to make copies, extracts, and search records.

36 *SEC. 10. The heading of Article 4 (commencing with Section*
37 *14025) of Chapter 1 of Part 5 of Division 3 of Title 1 of the*
38 *Corporations Code is amended to read:*

39
40 Article 4. ~~Executive Director~~ *Manager*

1 *SEC. 11. Section 14026 of the Corporations Code is amended*
2 *to read:*

3 14026. ~~The director, following notification to the secretary,~~
4 ~~manager~~ may do all of the following:

- 5 (a) Contract for services entered into pursuant to this chapter.
- 6 (b) Hold public hearings.
- 7 (c) Act as liaison between corporations formed under this part,
- 8 other state and federal agencies, lenders, and the Legislature.
- 9 (d) Process and tabulate on a monthly basis all corporate reports.
- 10 (e) Attend board meetings.
- 11 (f) Attend and participate at corporation meetings. ~~The director,~~
- 12 ~~manager,~~ or his or her designee, shall be an ex officio, nonvoting
- 13 representative on the board of directors and loan committees of
- 14 each corporation. ~~The director manager~~ shall meet with the board
- 15 of directors of each corporation at least once each fiscal ~~year,~~
- 16 ~~commencing July 1, 1999.~~ year.

- 17 (g) Assist corporations in applying for federal grant applications,
- 18 and in obtaining program support from the business community.

19 *SEC. 12. Section 14027 of the Corporations Code is amended*
20 *to read:*

21 14027. ~~The director~~ manager shall have the accounts of each
22 corporation formed under this part audited as of the close of
23 business on June 30, of each year. ~~The director~~ manager shall also
24 have the portfolio of each corporation audited a minimum of once
25 a year. Material audit exceptions that are not corrected by the
26 corporation within a reasonable period of time may result in the
27 suspension of the corporation pursuant to Section 14028.

28 *SEC. 13. Section 14028 of the Corporations Code is amended*
29 *to read:*

30 14028. (a) Upon a finding by ~~the director~~ manager that
31 irreparable harm may occur if guarantee authority is not temporarily
32 withdrawn from a corporation, ~~the director~~ manager may
33 temporarily withdraw guarantee authority from a corporation. The
34 notice of temporary withdrawal sent to the corporation shall specify
35 the reasons for the action. As used in this section, “guarantee
36 authority” means the authority to make or guarantee any loan that
37 encumbers funds in a trust fund account or the expansion fund.
38 ~~The director~~ manager shall make one of the determinations
39 specified in subdivision (c) within 30 days of the effective date of
40 the temporary withdrawal unless the corporation and ~~the director~~

1 *manager* mutually agree to an extension. The corporation shall
2 have the opportunity to submit written material to the ~~director~~
3 *manager* addressing the items stated in the temporary withdrawal
4 notice. If the ~~director~~ *manager* does not make any determinations
5 within 30 days, the temporary withdrawal shall be negated. The
6 corporation's yearly contract shall remain in effect during the
7 period of temporary withdrawal, and the corporation shall continue
8 to receive reimbursement of necessary operating expenses.

9 (b) Failure of a corporation to substantially comply with the
10 following may result in the suspension of a corporation:

11 (1) Regulations implementing the Small Business Development
12 Corporation Law.

13 (2) The plan of operation specified in subdivision (d) of Section
14 14025.

15 (3) Fiscal and portfolio requirements, as contained in the fiscal
16 and portfolio audits specified in Section 14027.

17 (4) Milestones and scope of work as contained in the annual
18 contract between the corporation and the ~~agency~~ *office*.

19 (c) Pursuant to subdivision (a) or (b), the ~~director~~ *manager* may
20 do the following:

21 (1) Terminate the temporary withdrawal.

22 (2) Terminate the temporary withdrawal subject to the
23 corporation's adoption of a specified remedial action plan.

24 (3) Temporarily withdraw, or continue to withdraw, guarantee
25 authority until a specified time. This determination by the ~~director~~
26 *manager* requires a finding that the corporation has failed to
27 comply with the Small Business Development Corporation Law.

28 (4) Suspend the corporation.

29 (5) Suspend the corporation, with suspension stayed until the
30 corporation provides a remedial action plan to the ~~director~~,
31 *manager*, and the ~~director~~ *manager* decides whether to repeal or
32 implement the stayed suspension.

33 The determinations contained in paragraphs (4) and (5) require
34 a finding that irreparable harm will occur unless the corporation
35 is suspended.

36 (d) In considering a determination regarding the recommended
37 suspension and possible remedial action plans, the ~~director~~
38 *manager* shall consider, along with other criteria as specified in
39 subdivision (b), the corporation's history and past performance.

1 (e) Upon suspension of a corporation, the ~~director~~ *manager*
2 shall transfer all funds, whether encumbered or not, in the trust
3 fund account of the suspended corporation into either the expansion
4 fund or temporarily transfer the funds to another corporation.

5 (f) If the ~~director~~ *manager* decides to take any action against
6 the corporation pursuant to paragraphs (2) to (5), inclusive, of
7 subdivision (c), the corporation shall be notified of the action 10
8 days before the effective date of the action. The corporation shall
9 have the right to appeal the ~~director's~~ *manager's* decision to the
10 board within that 10-day period by sending notice to the ~~director~~
11 *manager* and to the chair of the board. Once the ~~director~~ *manager*
12 receives notice that the action is being appealed, the ~~director's~~
13 *manager's* action shall be stayed except for temporary withdrawal
14 of guarantee authority. Upon receipt of the notice, the ~~director~~
15 *manager* shall schedule a properly noticed board meeting within
16 30 days. The board may elect to take any of the actions listed in
17 subdivision (g). The temporary withdrawal of corporation guarantee
18 authority shall remain in effect until the board issues its decision.

19 (g) Pursuant to subdivision (f), the board may do any of the
20 following:

- 21 (1) Terminate the action taken by the director.
22 (2) Modify the action taken by the ~~director~~ *manager* subject to
23 the adoption by the corporation of a specified remedial action plan.
24 (3) Affirm the action taken by the ~~director~~ *manager*.

25 (h) Following suspension, the corporation may continue its
26 existence as a nonprofit corporation pursuant to the Nonprofit
27 Public Benefit Corporation Law (Part 2 (commencing with Section
28 5110) of Division 2) but shall no longer be registered with the
29 Secretary of State as a small business development corporation.
30 A corporation shall not enjoy any of the benefits of a small business
31 development corporation following suspension.

32 (i) The funds in the trust fund account of a corporation under
33 temporary withdrawal shall be transferred to the expansion fund.
34 Upon termination of the temporary withdrawal, unless the
35 termination is caused by suspension, the funds of the corporation
36 that were transferred to the expansion fund from the trust fund
37 account shall be returned to the corporation's trust fund account,
38 notwithstanding Section 14037. While the funds of a corporation's
39 trust fund account reside in the expansion fund, use of the principal
40 on the funds shall be governed by the implementing regulations

1 specifying use of funds in the expansion fund. Interest on the funds
2 moved from a corporation's trust fund account upon temporary
3 withdrawal shall be limited to payment of the corporation's
4 administrative expenses, as contained in the contract between the
5 corporation and the ~~agency~~ office.

6 *SEC. 14. Section 14030.2 of the Corporations Code is amended*
7 *to read:*

8 14030.2. (a) The ~~director~~ manager may establish accounts
9 within the expansion fund for loan guarantees and surety bond
10 guarantees, including loan loss reserves. Each account is a legally
11 separate account, and shall not be used to satisfy loan or surety
12 bond guarantees or other obligations of another corporation. The
13 ~~director~~ manager shall recommend whether the expansion fund
14 and trust fund accounts are to be leveraged, and if so, by how
15 much. Upon the request of the corporation, the ~~director's~~
16 manager's decision may be repealed or modified by a board
17 resolution.

18 (b) Annually, not later than January 1 of each year commencing
19 January 1, 1996, the ~~director~~ manager shall prepare a report
20 regarding the loss experience for the expansion fund for loan
21 guarantees and surety bond guarantees for the preceding fiscal
22 year. At a minimum, the report shall also include data regarding
23 numbers of surety bond and loan guarantees awarded through the
24 expansion fund, including ethnicity and gender data of participating
25 contractors and other entities, and experience of surety insurer
26 participants in the bond guarantee program. The report shall include
27 the information described in Section 14076 of the Corporations
28 Code. The ~~director~~ manager shall submit that report to the
29 Secretary of Business, Transportation and Housing for transmission
30 to the Governor and the Legislature.

31 *SEC. 15. Section 14034 of the Corporations Code is amended*
32 *to read:*

33 14034. (a) The ~~director~~ manager at his or her discretion, with
34 the approval of the Director of Finance, may request the trustee to
35 invest those funds in the trust fund in any of the securities described
36 in Section 16430 of the Government Code. Returns from these
37 investments shall be deposited in the expansion fund and shall be
38 used to support the programs of this part.

39 (b) Any investments made in securities described in Section
40 16430 of the Government Code shall be governed by the statement

1 of investment policy prepared by the Treasurer pursuant to
2 subdivision (a) of Section 16481.2 of the Government Code.

3 *SEC. 16. Section 14036 of the Corporations Code is amended*
4 *to read:*

5 14036. The expansion fund and trust fund are created solely
6 for the purpose of receiving state, federal, or local government
7 money, and other public or private money to make loans,
8 guarantees, and restricted investments pursuant to this article.
9 Funds in the expansion fund may be allocated by the ~~director,~~
10 *manager*, with the approval of the Department of Finance, to the
11 trust fund accounts.

12 *SEC. 17. Section 14037 of the Corporations Code is amended*
13 *to read:*

14 14037. (a) The state shall not be liable or obligated in any way
15 beyond the state money that is allocated and deposited in the trust
16 fund account from state money and that is appropriated for these
17 purposes.

18 (b) The ~~director~~ *manager* may reallocate funds held within a
19 corporation's trust fund account.

20 (1) The ~~director~~ *manager* shall reallocate funds based on which
21 corporation is most effectively using its guarantee funds. If funds
22 are withdrawn from a less effective corporation as part of a
23 reallocation, the office shall make that withdrawal only after giving
24 consideration to that corporation's fiscal solvency, its ability to
25 honor loan guarantee defaults, and its ability to maintain a viable
26 presence within the region it serves. Reallocation of funds shall
27 occur no more frequently than once per fiscal year. Any decision
28 made by the ~~director~~ *manager* pursuant to this subdivision may
29 be appealed to the board. The board has authority to repeal or
30 modify any decision to reallocate funds.

31 (2) The ~~director~~ *manager* may authorize a corporation to exceed
32 the leverage ratio specified in Section 14030, subdivision (b) of
33 Section 14070, and subdivision (a) of Section 14076 pending the
34 annual reallocation of funds pursuant to this section. However, no
35 corporation shall be permitted to exceed an outstanding guarantee
36 liability of more than five times its portion of funds on deposit in
37 the expansion fund.

38 ~~(c) This section shall become operative on January 1, 2013.~~

39 *SEC. 18. Section 14037.5 of the Corporations Code is amended*
40 *to read:*

1 14037.5. The Director of Finance, with the approval of the
2 Governor, may transfer moneys in the Special Fund for Economic
3 Uncertainties to the Small Business Expansion Fund for use as
4 authorized by the ~~director~~, *manager*, in an amount necessary to
5 make loan guarantees pursuant to Chapter 1 (commencing with
6 Section 14000) of Part 5 of Division 3 of Title 1 of the
7 Corporations Code.

8 *SEC. 19. Section 14037.7 of the Corporations Code is amended*
9 *to read:*

10 14037.7. Pursuant to subdivision (f) of Section 8684.2 of the
11 Government Code, within 60 days of the conclusion of the period
12 for guaranteeing loans under any small business disaster loan
13 guarantee program conducted for a disaster as authorized by
14 Section 8684.2 of the Government Code or Section 14075, the
15 ~~agency manager~~, *through the office*, shall provide a report to the
16 Legislature on loan guarantees approved and rejected by gender,
17 ethnic group, type of business and location, and each participating
18 loan institution. The ~~agency office~~ need only submit one report to
19 comply with this section and subdivision (f) of Section 8684.2 of
20 the Government Code.

21 *SEC. 20. Section 14038 of the Corporations Code is amended*
22 *to read:*

23 14038. (a)—

24 (a) The funds in the expansion fund shall be paid out to trust
25 fund accounts by the Treasurer on warrants drawn by the Controller
26 and requisitioned by the ~~director~~, *manager*, pursuant to the
27 purposes of this chapter. The ~~director~~ *manager* may transfer funds
28 allocated from the expansion fund to accounts, established solely
29 to receive the funds, in lending institutions designated by the office
30 to act as trustee. The lending institutions so designated shall be
31 approved by the state for the receipt of state deposits. Interest
32 earned on the trust fund accounts in lending institutions may be
33 utilized by the corporations pursuant to the purposes of this chapter.

34 (b) Except as specified in subdivision (c), the ~~director~~ *manager*
35 shall allocate and transfer money to trust fund accounts based on
36 performance-based criteria. The criteria shall include, but not be
37 limited to, the following:

38 (1) The default record of the corporation.

39 (2) The number and amount of loans guaranteed by a
40 corporation.

1 (3) The number and amount of loans made by a corporation if
2 state funds were used to make those loans.

3 (4) The number and amount of surety bonds guaranteed by a
4 corporation.

5 Any decision made by the ~~director~~ *manager* pursuant to this
6 subdivision may be appealed to the board within 15 days of notice
7 of the proposed action. The board may repeal or modify any
8 reallocation and transfer decisions made by the ~~director~~ *manager*.

9 (c) The criteria specified in subdivision (b) shall not apply to a
10 corporation that has been in existence for five years or less. The
11 ~~director~~ *manager* shall develop regulations specifying the basis
12 for transferring account funds to those corporations that have been
13 in existence for five years or less.

14 *SEC. 21. Section 14039 of the Corporations Code is amended*
15 *to read:*

16 14039. Pursuant to this section and the regulations, the state
17 has residual interest in the funds deposited by the state to a trust
18 fund account and to the return on these funds from investments.
19 On dissolution or suspension of the corporation, these funds shall
20 be withdrawn by the ~~director~~ *manager* from the trust fund account
21 and returned to the expansion fund or temporarily transferred to
22 another trust fund account. This provision shall be contained in
23 the trust instructions to the trustee.

24 *SEC. 22. Section 14040 of the Corporations Code is amended*
25 *to read:*

26 14040. Each trust fund account shall consist of a loan guarantee
27 account, and, upon recommendation by the ~~director~~ *manager*, a
28 bond guarantee account, each of which is a legally separate
29 account, and the assets of one account shall not be used to satisfy
30 loan guarantees or other obligations of another corporation. Not
31 more than one-third of a trust fund account shall be allocated to a
32 bond guarantee account. ~~No~~ A corporation shall *not* use trust fund
33 accounts to secure a corporate indebtedness. State funds deposited
34 in the trust fund accounts, with the exception of guarantees
35 established pursuant to this chapter, shall not be subject to liens
36 or encumbrances of the corporation or its creditors.

37 *SEC. 23. Section 14041 of the Corporations Code is amended*
38 *to read:*

39 14041. (a) Except as provided in subdivisions (c) and (d) of
40 Section 14070, the trust fund account, shall be used solely to make

1 loans, guarantee bonds, and guarantee loans, approved by the
2 corporation, that meet the California Small Business Development
3 Corporation Law loan criteria. The state shall not be liable or
4 obligated in any way as a result of the allocation of state money
5 to a trust fund account beyond the state money that is allocated
6 and deposited in the fund pursuant to this chapter, and that is not
7 otherwise withdrawn by the state pursuant to this chapter.

8 (b) A summary of all loans and bonds to which a state guarantee
9 is attached shall be submitted to the ~~director~~ *manager* upon
10 execution of the loan agreement and periodically thereafter.

11 (c) A summary of all loans made by a corporation shall be
12 submitted to the ~~director~~ *manager* upon execution of the loan
13 agreement and periodically thereafter.

14 *SEC. 24. Section 14043 of the Corporations Code is amended*
15 *to read:*

16 14043. The financial institution that is to act as trustee of the
17 trust fund shall be designated after review by the ~~director~~ *manager*.
18 The corporation shall not receive money on deposit to support
19 guarantees issued under the provisions of this chapter without the
20 approval of the ~~director~~ *manager*.

21 *SEC. 25. Section 14061 of the Corporations Code is amended*
22 *to read:*

23 14061. Every corporation shall provide for and maintain a
24 central staff to perform all administrative requirements of the
25 corporation including all those functions required of a corporation
26 by the ~~director~~ *manager*.

27 *SEC. 26. Section 14065 of the Corporations Code is amended*
28 *to read:*

29 14065. The corporations shall report to the ~~director~~ *manager*,
30 or his or her designated representative, all statistical and other
31 reports required by this part, responses to audit reports, budget
32 requirements, invoices submitted for payment by the state, and
33 information concerning loans made or guaranteed.

34 *SEC. 27. Section 14066 of the Corporations Code is amended*
35 *to read:*

36 14066. The corporation shall make a report to the ~~director~~,
37 *manager*, as of the close of business on June 30, of each year
38 describing the corporation's activities and any additional
39 information requested by the ~~director~~, *manager*, on or before
40 August 1 of each year.

1 SEC. 28. *Section 14070 of the Corporations Code, as amended*
2 *by Section 4 of Chapter 648 of the Statutes of 2012, is amended*
3 *to read:*

4 14070. (a) The corporate guarantee shall be backed by funds
5 on deposit in the corporation's trust fund account, or by receivables
6 due from funds loaned from the corporation's trust fund account
7 to another fund in state government as directed by the Department
8 of Finance pursuant to a statute enacted by the Legislature.

9 (b) Loan guarantees shall be secured by a reserve of at least 20
10 percent to be determined by the ~~director~~ *manager*.

11 (c) The expansion fund and trust fund accounts shall be used
12 exclusively to guarantee obligations and pay the administrative
13 costs of the corporations. A corporation located in a rural area may
14 utilize the funds for direct lending to farmers as long as at least 90
15 percent of the corporate fund farm loans, calculated by dollar
16 amount, and all expansion fund farm loans are guaranteed by the
17 United States Department of Agriculture. The amount of funds
18 available for direct farm lending shall be determined by the
19 ~~director~~ *manager*. In its capacity as a direct lender, the corporation
20 may sell in the secondary market the guaranteed portion of each
21 loan so as to raise additional funds for direct lending. The ~~agency~~
22 *office* shall issue regulations governing these direct loans, including
23 the maximum amount of these loans.

24 (d) In furtherance of the purposes of this part, up to one-half of
25 the trust funds may be used to guarantee loans utilized to establish
26 a Business and Industrial Development Corporation (BIDCO)
27 under Division 15 (commencing with Section 33000) of the
28 Financial Code.

29 (e) To execute the direct loan programs established in this
30 chapter, the ~~director~~ *manager* may loan trust funds to a corporation
31 located in a rural area for the express purpose of lending those
32 funds to an identified borrower. The loan authorized by the ~~director~~
33 *manager* to the corporation shall be on terms similar to the loan
34 between the corporation and the borrower. The amount of the loan
35 may be in excess of the amount of a loan to any individual farm
36 borrower, but actual disbursements pursuant to the ~~agency~~ *office*
37 loan agreement shall be required to be supported by a loan
38 agreement between the farm borrower and the corporation in an
39 amount at least equal to the requested disbursement. The loan
40 between the ~~agency~~ *office* and the corporation shall be evidenced

1 by a credit agreement. In the event that any loan between the
2 corporation and borrower is not guaranteed by a governmental
3 agency, the portion of the credit agreement attributable to that loan
4 shall be secured by assignment of any note, executed in favor of
5 the corporation by the borrower to the ~~agency~~ office. The terms
6 and conditions of the credit agreement shall be similar to the loan
7 agreement between the corporation and the borrower, which shall
8 be collateralized by the note between the corporation and the
9 borrower. In the absence of fraud on the part of the corporation,
10 the liability of the corporation to repay the loan to the ~~agency~~ office
11 is limited to the repayment received by the corporation from the
12 borrower except in a case where the United States Department of
13 Agriculture requires exposure by the corporation in rule or
14 regulation. The corporation may use trust funds for loan repayment
15 to the ~~agency~~ office if the corporation has exhausted a loan loss
16 reserve created for this purpose. Interest and principal received by
17 the ~~agency~~ office from the corporation shall be deposited into the
18 same account from which the funds were originally borrowed.

19 (f) Upon the approval of the ~~director~~, *manager*, a corporation
20 shall be authorized to borrow trust funds from the ~~agency~~ office
21 for the purpose of relending those funds to small businesses. A
22 corporation shall demonstrate to the ~~director~~ *manager* that it has
23 the capacity to administer a direct loan program, and has procedures
24 in place to limit the default rate for loans to startup businesses.
25 Not more than 25 percent of any trust fund account shall be used
26 for the direct lending established pursuant to this subdivision. A
27 loan to a corporation shall not exceed the amount of funds likely
28 to be lent to small businesses within three months following the
29 loan to the corporation. The maximum loan amount to a small
30 business is fifty thousand dollars (\$50,000). In the absence of fraud
31 on the part of the corporation, the repayment obligation pursuant
32 to the loan to the corporation shall be limited to the amount of
33 funds received by the corporation for the loan to the small business
34 and any other funds received from the ~~agency~~ office that are not
35 disbursed. The corporation shall be authorized to charge a fee to
36 the small business borrower, in an amount determined by the
37 ~~director~~ *manager* pursuant to regulation. The program provided
38 for in this subdivision shall be available in all geographic areas of
39 the state.

(g) This section shall remain in effect only until January 1, 2018, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2018, deletes or extends that date.

SEC. 29. Section 14070 of the Corporations Code, as amended by Section 5 of Chapter 648 of the Statutes of 2012, is amended to read:

14070. (a) The corporate guarantee shall be backed by funds on deposit in the corporation's trust fund account, or by receivables due from funds loaned from the corporation's trust fund account to another fund in state government as directed by the Department of Finance pursuant to a statute enacted by the Legislature.

(b) Loan guarantees shall be secured by a reserve of at least 25 percent to be determined by the ~~director~~, *manager*, unless the ~~director~~ *manager* authorizes a higher leverage ratio for an individual corporation pursuant to subdivision (b) of Section 14037.

(c) The expansion fund and trust fund accounts shall be used exclusively to guarantee obligations and pay the administrative costs of the corporations. A corporation located in a rural area may utilize the funds for direct lending to farmers as long as at least 90 percent of the corporate fund farm loans, calculated by dollar amount, and all expansion fund farm loans are guaranteed by the United States Department of Agriculture. The amount of funds available for direct farm lending shall be determined by the ~~director~~, *manager*. In its capacity as a direct lender, the corporation may sell in the secondary market the guaranteed portion of each loan so as to raise additional funds for direct lending. The ~~agency~~ *office* shall issue regulations governing these direct loans, including the maximum amount of these loans.

(d) In furtherance of the purposes of this part, up to one-half of the trust funds may be used to guarantee loans utilized to establish a Business and Industrial Development Corporation (BIDCO) under Division 15 (commencing with Section 33000) of the Financial Code.

(e) To execute the direct loan programs established in this chapter, the ~~director~~ *manager* may loan trust funds to a corporation located in a rural area for the express purpose of lending those funds to an identified borrower. The loan authorized by the ~~director~~ *manager* to the corporation shall be on terms similar to the loan between the corporation and the borrower. The amount of the loan may be in excess of the amount of a loan to any individual farm

1 borrower, but actual disbursements pursuant to the ~~agency office~~
2 loan agreement shall be required to be supported by a loan
3 agreement between the farm borrower and the corporation in an
4 amount at least equal to the requested disbursement. The loan
5 between the ~~agency office~~ and the corporation shall be evidenced
6 by a credit agreement. In the event that any loan between the
7 corporation and borrower is not guaranteed by a governmental
8 agency, the portion of the credit agreement attributable to that loan
9 shall be secured by assignment of any note, executed in favor of
10 the corporation by the borrower to the ~~agency office~~. The terms
11 and conditions of the credit agreement shall be similar to the loan
12 agreement between the corporation and the borrower, which shall
13 be collateralized by the note between the corporation and the
14 borrower. In the absence of fraud on the part of the corporation,
15 the liability of the corporation to repay the loan to the ~~agency office~~
16 is limited to the repayment received by the corporation from the
17 borrower except in a case where the United States Department of
18 Agriculture requires exposure by the corporation in rule or
19 regulation. The corporation may use trust funds for loan repayment
20 to the ~~agency office~~ if the corporation has exhausted a loan loss
21 reserve created for this purpose. Interest and principal received by
22 the ~~agency office~~ from the corporation shall be deposited into the
23 same account from which the funds were originally borrowed.

24 (f) Upon the approval of the ~~director, manager~~, a corporation
25 shall be authorized to borrow trust funds from the ~~agency office~~
26 for the purpose of relending those funds to small businesses. A
27 corporation shall demonstrate to the ~~director manager~~ that it has
28 the capacity to administer a direct loan program, and has procedures
29 in place to limit the default rate for loans to startup businesses.
30 Not more than 25 percent of any trust fund account shall be used
31 for the direct lending established pursuant to this subdivision. A
32 loan to a corporation shall not exceed the amount of funds likely
33 to be lent to small businesses within three months following the
34 loan to the corporation. The maximum loan amount to a small
35 business is fifty thousand dollars (\$50,000). In the absence of fraud
36 on the part of the corporation, the repayment obligation pursuant
37 to the loan to the corporation shall be limited to the amount of
38 funds received by the corporation for the loan to the small business
39 and any other funds received from the agency that are not
40 disbursed. The corporation shall be authorized to charge a fee to

1 the small business borrower, in an amount determined by the
2 ~~director~~ *manager* pursuant to regulation. The program provided
3 for in this subdivision shall be available in all geographic areas of
4 the state.

5 (g) This section shall become operative on January 1, 2018.

6 *SEC. 30. Section 14071 of the Corporations Code is amended*
7 *to read:*

8 14071. In furtherance of the purposes set forth in Section
9 14002, a corporation may do any one or more of the following
10 activities, but only to the extent that the activities are authorized
11 pursuant to the contract between the ~~agency office~~ and *the*
12 corporation: guarantee, endorse, or act as surety on the bonds,
13 notes, contracts, or other obligations of, or assist financially, any
14 person, firm, corporation, or association, and may establish and
15 regulate the terms and conditions with respect to any such loans
16 or financial assistance and the charges for interest and service
17 connected therewith, except that the corporation shall not make
18 or guarantee any loan unless and until it determines:

19 (a) There is no probability that the loan or other financial
20 assistance would be granted by a financial company under
21 reasonable terms or conditions, and the borrower has demonstrated
22 a reasonable prospect of repayment of the loan.

23 (b) The loan proceeds shall be used exclusively in this state.

24 (c) The loan qualifies as a small business loan or an employment
25 incentive loan.

26 (d) That the borrower has a minimum equity interest in the
27 business as determined by the ~~director~~ *manager*.

28 (e) As a result of the loan, the jobs generated or retained
29 demonstrate reasonable conformance to the regulations specifying
30 employment criteria.

31 *SEC. 31. Section 14071.5 of the Corporations Code is amended*
32 *to read:*

33 14071.5. In addition to the authority granted by Section 14071,
34 upon approval of the ~~director~~ *manager*, a corporation may act as
35 guarantor on a surety bond for any small business contractor,
36 including, but not limited to, women, minority, and disabled
37 veteran contractors.

38 The provisions of this section allowing a corporation to act as a
39 guarantor on surety bonds may be funded through appropriate
40 federal funding sources. Federal funds shall be deposited in the

1 Federal Trust Fund in the State Treasury in accordance with Section
2 16360 of the Government Code, for transfer to the Small Business
3 Expansion Fund, as created by Section 14030 of the Corporations
4 Code.

5 *SEC. 32. Section 14072 of the Corporations Code is amended*
6 *to read:*

7 14072. A corporation may charge the borrower or financial
8 institution a loan fee on all loans made or guaranteed by the
9 corporation to defray the operating expenses of the corporation.
10 The amount of the fee shall be determined by the ~~director~~.
11 *manager.*

12 *SEC. 33. Section 14074 of the Corporations Code is amended*
13 *to read:*

14 14074. The ~~agency office~~ shall enter into an agreement with
15 the California Energy Extension Service of the Office of Planning
16 and Research to assist small business owners in reducing their
17 energy costs through low interest loans and by providing assistance
18 and information.

19 *SEC. 34. Section 14075 of the Corporations Code is amended*
20 *to read:*

21 14075. (a) A corporation may, in an area affected by a state
22 of emergency within the state and declared a disaster by the
23 President of the United States, or by the Administrator of the
24 United States Small Business Administration, or by the United
25 States Secretary of Agriculture or declared to be in a state of
26 emergency by the ~~Governor of California~~, *Governor*, provide loan
27 guarantees from funds allocated in Section 14037.5 to small
28 businesses, small farms, nurseries, and agriculture-related
29 enterprises that have suffered actual physical damage or significant
30 economic injury as a result of the disaster.

31 (b) The ~~agency office~~ may adopt regulations to implement the
32 loan guarantee program authorized by this section. The ~~agency~~
33 *office* may adopt these regulations as emergency regulations in
34 accordance with Chapter 3.5 (commencing with Section 11340)
35 of Part 1 of Division 3 of the Government Code, and for purposes
36 of that chapter, including Section 11349.6 of the Government
37 Code, the adoption of the regulations shall be considered by the
38 Office of Administrative Law to be necessary for the immediate
39 preservation of the public peace, health and safety, and general
40 welfare. Notwithstanding subdivision (e) of Section 11346.1 of

1 the Government Code, the regulations shall be repealed within
2 180 days after their effective date unless the agency complies with
3 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
4 3 of the Government Code, as provided in subdivision (e) of
5 Section 11346.1 of the Government Code.

6 (c) Allocations pursuant to subdivision (a) shall be deemed to
7 be for extraordinary emergency or disaster response operations
8 costs incurred by the ~~agency~~ office.

9 *SEC. 35. Section 14076 of the Corporations Code, as amended*
10 *by Section 6 of Chapter 648 of the Statutes of 2012, is amended*
11 *to read:*

12 14076. (a) It is the intent of the Legislature that the
13 corporations make maximal use of their statutory authority to
14 guarantee loans and surety bonds, including the authority to secure
15 loans with a minimum loan loss reserve of only 20 percent, so that
16 the financing needs of small business may be met as fully as
17 possible within the limits of corporations' loan loss reserves. The
18 ~~agency~~ office shall report annually to the Legislature on the
19 financial status of the corporations and their portfolio of loans and
20 surety bonds guaranteed.

21 (b) Any corporation that serves an area declared to be in a state
22 of emergency by the Governor or a disaster area by the President
23 of the United States, the Administrator of the United States Small
24 Business Administration, or the United States Secretary of
25 Agriculture shall increase the portfolio of loan guarantees where
26 the dollar amount of the loan is less than one hundred thousand
27 dollars (\$100,000), so that at least 15 percent of the dollar value
28 of loans guaranteed by the corporation is for those loans. The
29 corporation shall comply with this requirement within one year of
30 the date the emergency or disaster is declared. Upon application
31 of a corporation, the ~~director~~ manager may waive or modify the
32 rule for the corporation if the corporation demonstrates that it made
33 a good faith effort to comply and failed to locate lending
34 institutions in the region that the corporation serves that are willing
35 to make guaranteed loans in that amount.

36 (c) This section shall remain in effect only until January 1, 2018,
37 and as of that date is repealed, unless a later enacted statute, that
38 is enacted before January 1, 2018, deletes or extends that date.

1 *SEC. 36. Section 14076 of the Corporations Code, as amended*
 2 *by Section 7 of Chapter 648 of the Statutes of 2012, is amended*
 3 *to read:*

4 14076. (a) It is the intent of the Legislature that the
 5 corporations make maximal use of their statutory authority to
 6 guarantee loans and surety bonds, including the authority to secure
 7 loans with a minimum loan loss reserve of only 25 percent, unless
 8 the agency authorizes a higher leverage ratio for an individual
 9 corporation pursuant to subdivision (b) of Section 14037, so that
 10 the financing needs of small business may be met as fully as
 11 possible within the limits of corporations' loan loss reserves. The
 12 ~~agency office~~ shall report annually to the Legislature on the
 13 financial status of the corporations and their portfolio of loans and
 14 surety bonds guaranteed.

15 (b) Any corporation that serves an area declared to be in a state
 16 of emergency by the Governor or a disaster area by the President
 17 of the United States, the Administrator of the United States Small
 18 Business Administration, or the United States Secretary of
 19 Agriculture shall increase the portfolio of loan guarantees where
 20 the dollar amount of the loan is less than one hundred thousand
 21 dollars (\$100,000), so that at least 15 percent of the dollar value
 22 of loans guaranteed by the corporation is for those loans. The
 23 corporation shall comply with this requirement within one year of
 24 the date the emergency or disaster is declared. Upon application
 25 of a corporation, the ~~director~~ *manager* may waive or modify the
 26 rule for the corporation if the corporation demonstrates that it made
 27 a good faith effort to comply and failed to locate lending
 28 institutions in the region that the corporation serves that are willing
 29 to make guaranteed loans in that amount.

30 (c) This section shall become operative on January 1, 2018.

31 *SEC. 37. Section 14085 of the Corporations Code is amended*
 32 *to read:*

33 14085. It shall be unlawful for the ~~director~~ *manager* or any
 34 person who is an officer, director, or employee of a corporation,
 35 or who is a member of a loan committee, or who is an employee
 36 of the ~~agency office~~ to:

37 (a) Ask for, consent, or agree to receive, any commission,
 38 emolument, gratuity, money, property, or thing of value for his or
 39 her own use, benefit, or personal advantage, for procuring or
 40 endeavoring to procure for any person, partnership, joint venture,

1 association, or corporation, any loan, guarantee, financial, or other
2 assistance from any corporation.

3 (b) Borrow money, property, or to benefit knowingly, directly
4 or indirectly, from the use of the money, credit, or property of any
5 corporation.

6 (c) Make, maintain, or attempt to make or maintain, a deposit
7 of the funds of a corporation with any other corporation or
8 association on condition, or with the understanding, expressed or
9 implied, that the corporation or association receiving the deposit
10 shall pay any money or make a loan or advance, directly or
11 indirectly, to any person, partnership, joint venture, association,
12 or corporation, other than to a corporation formed under this part.

13 *SEC. 38. Section 14086 of the Corporations Code is amended*
14 *to read:*

15 14086. It shall be unlawful for the ~~director~~ *manager* or any
16 person who is an officer or director of a corporation, or who is an
17 employee of the ~~agency~~, *office*, to purchase or receive, or to be
18 otherwise interested in the purchase or receipt, directly or
19 indirectly, of any asset of a corporation, without paying to the
20 corporation the fair market value of the asset at the time of the
21 transaction.

22 *SEC. 39. Section 29503 of the Corporations Code is amended*
23 *to read:*

24 29503. “Commissioner” means the Commissioner of
25 ~~Corporations~~. *Business Oversight*.

26 *SEC. 40. Section 31004 of the Corporations Code is amended*
27 *to read:*

28 31004. “Commissioner” means the Commissioner of
29 ~~Corporations~~. *Business Oversight*.

30 *SEC. 41. Section 300 of the Financial Code, as amended by*
31 *Section 5 of Chapter 147 of the Statutes of 2012, is amended to*
32 *read:*

33 300. (a) In this section:

34 (1) “Business and industrial development corporation” means
35 a corporation licensed under Division 15 (commencing with
36 Section 31000).

37 (2) “Payment instrument” has the same meaning as set forth in
38 Section 33059.

39 (3) “Traveler’s check” has the same meaning as set forth in
40 Section 1803.

(b) There is in the state government, in the Business, Consumer Services, and Housing Agency, a Department of Business Oversight, which has charge of the execution of, among other laws, the laws of this state relating to any of the following: (1) banks or trust companies or the banking or trust business; (2) savings associations or the savings association business; (3) credit unions or the credit union business; (4) persons who engage in the business of receiving money for transmission to foreign nations or such business; (5) issuers of traveler's checks or the traveler's check business; (6) issuers of payment instruments or the payment instrument business; (7) business and industrial development corporations or the business and industrial development corporation business, ~~or business~~; (8) insurance premium finance agencies or the insurance premium finance ~~business~~; *business*; (9) *persons offering or making any contract constituting bucketing*; (10) *persons offering or selling off-exchange commodities*; (11) *deferred deposit originators*; (12) *finance lenders and brokers*; (13) *residential mortgage lenders and servicers*; (14) *capital access companies*; (15) *check sellers, bill payers, and proraters*; (16) *securities issuers, broker-dealers, agents, investment advisers, and investment adviser representatives*; (17) *mortgage loan originators employed or supervised by finance lenders or residential mortgage lenders*; (18) *escrow agents*; (19) *franchisors, or* (20) *persons holding securities as custodians on behalf of securities owners*.

SEC. 42. Section 301 of the Financial Code is amended to read:

301. (a) This chapter is applicable to this division, Division 1.1 (commencing with Section 1000), Division 1.2 (commencing with Section 2000), Division 1.6 (commencing with Section 4800), Division 5 (commencing with Section 14000), Division 7 (commencing with Section 18000), and Division 15 (commencing with Section 31000).

(b) *Except as provided in subdivision (c), this article, and Articles 2 (commencing with Section 320) and 3 (commencing with Section 350) are applicable to the administration of laws by the Division of Corporations.*

(c) *Sections 329, 330, 332, 335, 336, 357, 378, 379, and 381 are not applicable to the Division of Corporations.*

1 SEC. 43. Section 320 of the Financial Code is amended to
2 read:

3 320. (a) The chief officer of the Department of ~~Financial~~
4 ~~Institutions~~ Business Oversight is the Commissioner of ~~Financial~~
5 ~~Institutions~~ Business Oversight. The Commissioner of ~~Financial~~
6 ~~Institutions~~ Business Oversight is the head of the department with
7 the authority and responsibility over all officers, employees, and
8 activities in the department and, except as otherwise provided in
9 this ~~code~~, code and the Corporations Code, is subject to the
10 provisions of the Government Code relating to department heads,
11 but need not reside in Sacramento. heads.

12 (b) The Commissioner of Business Oversight shall employ legal
13 counsel to act as the attorney for the commissioner in actions or
14 proceedings brought by or against the commissioner under or
15 pursuant to any law under the commissioner's jurisdiction, or in
16 which the commissioner joins or intervenes as to a matter within
17 the commissioner's jurisdiction, as a friend of the court or
18 otherwise, and stenographic reporters to take and transcribe the
19 testimony in any formal hearing or investigation before the
20 commissioner or before a person authorized by the commissioner.

21 (c) Sections 11040, 11042, and 11043 of the Government Code
22 do not apply to the Commissioner of Business Oversight.

23 SEC. 44. Section 326 of the Financial Code is amended to
24 read:

25 326. The ~~commissioner~~ Commissioner of Business Oversight
26 is responsible for the performance of all duties, the exercise of all
27 powers and jurisdiction, and the assumption and discharge of all
28 responsibilities vested by law in the ~~department~~. department and
29 the divisions thereunder. The commissioner has and may exercise
30 all the powers necessary or convenient for the administration and
31 enforcement of, among other laws, the laws described in Section
32 300. The commissioner may issue ~~such~~ rules and regulations
33 consistent with law as he or she may deem necessary or advisable
34 in executing the powers, duties, and responsibilities of the
35 department.

36 SEC. 45. Section 350 of the Financial Code is amended to
37 read:

38 350. The ~~commissioner~~ shall appoint a chief deputy who holds
39 shall be appointed by the Governor and hold office at the pleasure
40 of the ~~commissioner~~. Governor. The annual salary of the chief

1 deputy shall be fixed by the commissioner with the approval of
2 the Director of Finance. The chief deputy shall have the same
3 qualifications as the commissioner. The commissioner shall also
4 appoint two deputies, one to serve in the City and County of San
5 Francisco and one to serve in the City of Los Angeles. Governor.

6 *SEC. 46. Section 351 of the Financial Code is repealed.*

7 ~~351. The Chief Officer of the Division of Credit Unions is the~~
8 ~~Deputy Commissioner of Financial Institutions for the Division~~
9 ~~of Credit Unions. The Deputy Commissioner of Financial~~
10 ~~Institutions for the Division of Credit Unions shall administer the~~
11 ~~laws of this state relating to credit unions or the credit union~~
12 ~~business under the direction of the commissioner. The Deputy~~
13 ~~Commissioner of Financial Institutions for the Division of Credit~~
14 ~~Unions shall be appointed by the Governor and shall hold office~~
15 ~~at the pleasure of the Governor. The Deputy Commissioner of~~
16 ~~Financial Institutions shall receive an annual salary as fixed by the~~
17 ~~Governor.~~

18 *SEC. 47. Section 351 is added to the Financial Code, to read:*

19 *351. (a) The chief officer of the Division of Corporations is*
20 *the Senior Deputy Commissioner of Business Oversight for the*
21 *Division of Corporations. The Senior Deputy Commissioner of*
22 *Business Oversight for the Division of Corporations shall, under*
23 *the direction of the commissioner, administer the laws of this state*
24 *that were, prior to July 1, 2013, under the charge of the*
25 *Department of Corporations. The Senior Deputy Commissioner*
26 *of Business Oversight for the Division of Corporations shall be*
27 *appointed by the Governor and shall hold office at the pleasure*
28 *of the Governor. The Senior Deputy Commissioner of Business*
29 *Oversight for the Division of Corporations shall receive an annual*
30 *salary as fixed by the Governor.*

31 *(b) The chief officer of the Division of Financial Institutions is*
32 *the Senior Deputy Commissioner of Business Oversight for the*
33 *Division of Financial Institutions. The Senior Deputy*
34 *Commissioner of Business Oversight for the Division of Financial*
35 *Institutions shall, under the direction of the commissioner,*
36 *administer the laws of this state that were, prior to July 1, 2013,*
37 *under the charge of the Department of Financial Institutions. The*
38 *Senior Deputy Commissioner of Business Oversight for the Division*
39 *of Financial Institutions shall be appointed by the Governor and*
40 *shall hold office at the pleasure of the Governor. The Senior Deputy*

1 *Commissioner of Business Oversight for the Division of Financial*
2 *Institutions shall receive an annual salary as fixed by the Governor.*

3 *SEC. 48. Section 353 of the Financial Code is amended to*
4 *read:*

5 353. Before entering upon the duties of his office each deputy
6 and examiner shall take and subscribe to the constitutional oath
7 ~~of office and file the same with the Secretary of State.~~ *office.*

8 *SEC. 49. Section 371 of the Financial Code is repealed.*

9 ~~371. There is in the Department of Financial Institutions, the~~
10 ~~Division of Credit Unions. The Division of Credit Unions has~~
11 ~~charge of the execution of the laws of this state relating to credit~~
12 ~~unions and to the credit union business.~~

13 *SEC. 50. Section 371 is added to the Financial Code, to read:*

14 371. (a) *There is in the Department of Business Oversight, the*
15 *Division of Corporations, under the direction of the Senior Deputy*
16 *Commissioner of Business Oversight for the Division of*
17 *Corporations. The senior deputy commissioner has charge of the*
18 *execution of the laws of the state that were, prior to July 1, 2013,*
19 *under the charge of the Department of Corporations.*

20 (b) *There is in the Department of Business Oversight, the Senior*
21 *Deputy Commissioner of the Department of Business Oversight*
22 *for the Division of Financial Institutions. Under the direction of*
23 *the senior deputy commissioner, the Division of Financial*
24 *Institutions has charge of the execution of the laws of the state*
25 *that were, prior to July 1, 2013, under the charge of the*
26 *Department of Financial Institutions.*

27 *SEC. 51. Section 4805.055 of the Financial Code is amended*
28 *to read:*

29 4805.055. “Commissioner” means the *Senior Deputy*
30 *Commissioner of Business Oversight for the Division of Financial*
31 *Institutions.*

32 *SEC. 52. Section 5104 of the Financial Code is amended to*
33 *read:*

34 5104. “Commissioner” means the *Senior Deputy Commissioner*
35 *of Business Oversight for the Division of Financial Institutions.*

36 *SEC. 53. Section 12003 of the Financial Code is amended to*
37 *read:*

38 12003. “Commissioner” means the *Senior Deputy*
39 ~~Commissioner of Corporations of Business Oversight for the State~~

1 ~~Division of California~~, Corporations, or any deputy, investigator,
2 auditor, or any other person employed by him.

3 SEC. 54. Section 14003 of the Financial Code is amended to
4 read:

5 14003. “Commissioner” means the Senior Deputy
6 Commissioner of ~~Financial Institutions of Business Oversight for~~
7 ~~the State Division of California~~. Corporations.

8 SEC. 55. Section 14200.1 of the Financial Code is amended
9 to read:

10 14200.1. There is in the ~~Division of Financial Institutions of~~
11 ~~the Department of Financial Institutions~~, Business Oversight the
12 ~~Division Office~~ of Credit Unions. The ~~Division Office~~ of Credit
13 Unions has charge of the execution of the laws of this state relating
14 to credit unions or to the credit union business.

15 SEC. 56. Section 14200.2 of the Financial Code is amended
16 to read:

17 14200.2. The ~~Chief Officer~~ chief officer of the ~~Division Office~~
18 of Credit Unions is the Deputy Commissioner of ~~Financial~~
19 ~~Institutions for the Division Office~~ of Credit Unions. The Deputy
20 Commissioner of ~~Financial Institutions~~ the Office of Credit Unions,
21 under the direction and on behalf of the Senior Deputy
22 Commissioner for Business Oversight for the Division of ~~Credit~~
23 ~~Unions Financial Institutions~~, shall administer the laws of this
24 state relating to credit unions or the credit union ~~business under~~
25 ~~the direction of and on behalf of the commissioner~~. business. The
26 Deputy Commissioner of ~~Financial Institutions for the Division~~
27 ~~Office~~ of Credit Unions shall be appointed by the Governor and
28 shall hold office at the pleasure of the Governor. The Deputy
29 Commissioner of ~~Financial Institutions~~ the Office of Credit Unions
30 shall receive an annual salary as fixed by the Governor.

31 SEC. 57. Section 17002 of the Financial Code is amended to
32 read:

33 17002. “Commissioner” means the Commissioner of
34 ~~Corporations~~. Business Oversight.

35 SEC. 58. Section 18002 of the Financial Code is amended to
36 read:

37 18002. “Commissioner” means the Commissioner of ~~Financial~~
38 ~~Institutions of the State of California~~. Business Oversight.

39 SEC. 59. Section 22005 of the Financial Code is amended to
40 read:

1 22005. “Commissioner” means the Commissioner of
2 ~~Corporations~~. *Business Oversight*.

3 SEC. 60. Section 30002 of the Financial Code is amended to
4 read:

5 30002. “Commissioner” means the Commissioner of
6 ~~Corporations~~. *Business Oversight*.

7 SEC. 61. Section 31055 of the Financial Code is amended to
8 read:

9 31055. “Commissioner” means the Commissioner of ~~Financial~~
10 ~~Institutions~~ *Business Oversight*, or ~~any~~ other person to whom the
11 ~~Commissioner of Financial Institutions~~ commissioner delegates
12 the authority to act for him or her in the particular matter.

13 SEC. 62. Section 50003 of the Financial Code is amended to
14 read:

15 50003. (a) “Annual audit” means a certified audit of the
16 licensee’s books, records, and systems of internal control performed
17 by an independent certified public accountant in accordance with
18 generally accepted accounting principles and generally accepted
19 auditing standards.

20 (b) “Borrower” means the loan applicant.

21 (c) “Buy” includes exchange, offer to buy, or solicitation to
22 buy.

23 (d) “Commissioner” means the Commissioner of ~~Corporations~~.
24 *Business Oversight*.

25 (e) “Control” means the possession, directly or indirectly, of
26 the power to direct, or cause the direction of, the management and
27 policies of a licensee under this division, whether through voting
28 or through the ownership of voting power of an entity that
29 possesses voting power of the licensee, or otherwise. Control is
30 presumed to exist if a person, directly or indirectly, owns, controls,
31 or holds 10 percent or more of the voting power of a licensee or
32 of an entity that owns, controls, or holds, with power to vote, 10
33 percent or more of the voting power of a licensee. No person shall
34 be deemed to control a licensee solely by reason of his or her status
35 as an officer or director of the licensee.

36 (f) “Depository institution” has the same meaning as in Section
37 3 of the Federal Deposit Insurance Act, and includes any credit
38 union.

39 (g) “Engage in the business” means the dissemination to the
40 public, or any part of the public, by means of written, printed, or

1 electronic communication or any communication by means of
2 recorded telephone messages or spoken on radio, television, or
3 similar communications media, of any information relating to the
4 making of residential mortgage loans, the servicing of residential
5 mortgage loans, or both. “Engage in the business” also means,
6 without limitation, making residential mortgage loans or servicing
7 residential mortgage loans, or both.

8 (h) “Federal banking agencies” means the Board of Governors
9 of the Federal Reserve System, the Comptroller of the Currency,
10 ~~the Director of the Office of Thrift Supervision,~~ the National Credit
11 Union Administration, and the Federal Deposit Insurance
12 Corporation.

13 (i) “In this state” includes any activity of a person relating to
14 making or servicing a residential mortgage loan that originates
15 from this state and is directed to persons outside this state, or that
16 originates from outside this state and is directed to persons inside
17 this state, or that originates inside this state and is directed to
18 persons inside this state, or that leads to the formation of a contract
19 and the offer or acceptance thereof is directed to a person in this
20 state (whether from inside or outside this state and whether the
21 offer was made inside or outside the state).

22 (j) “Institutional investor” means the following:

23 (1) The United States or any state, district, territory, or
24 commonwealth thereof, or any city, county, city and county, public
25 district, public authority, public corporation, public entity, or
26 political subdivision of a state, district, territory, or commonwealth
27 of the United States, or any agency or other instrumentality of any
28 one or more of the foregoing, including, by way of example, the
29 Federal National Mortgage Association and the Federal Home
30 Loan Mortgage Corporation.

31 (2) Any bank, trust company, savings bank or savings and loan
32 association, credit union, industrial bank or industrial loan
33 company, personal property broker, consumer finance lender,
34 commercial finance lender, or insurance company, or subsidiary
35 or affiliate of one of the preceding entities, doing business under
36 the authority of or in accordance with a license, certificate, or
37 charter issued by the United States or any state, district, territory,
38 or commonwealth of the United States.

39 (3) Trustees of pension, profit-sharing, or welfare funds, if the
40 pension, profit-sharing, or welfare fund has a net worth of not less

1 than fifteen million dollars (\$15,000,000), except pension,
2 profit-sharing, or welfare funds of a licensee or its affiliate,
3 self-employed individual retirement plans, or individual retirement
4 accounts.

5 (4) A corporation or other entity with outstanding securities
6 registered under Section 12 of the federal Securities Exchange Act
7 of 1934 or a wholly owned subsidiary of that corporation or entity,
8 provided that the purchaser represents either of the following:

9 (A) That it is purchasing for its own account for investment and
10 not with a view to, or for sale in connection with, any distribution
11 of a promissory note.

12 (B) That it is purchasing for resale pursuant to an exemption
13 under Rule 144A (17 C.F.R. 230.144A) of the Securities and
14 Exchange Commission.

15 (5) An investment company registered under the Investment
16 Company Act of 1940; or a wholly owned and controlled subsidiary
17 of that company, provided that the purchaser makes either of the
18 representations provided in paragraph (4).

19 (6) A residential mortgage lender or servicer licensed to make
20 residential mortgage loans under this law or an affiliate or
21 subsidiary of that person.

22 (7) Any person who is licensed as a securities broker or
23 securities dealer under any law of this state, or of the United States,
24 or any employee, officer, or agent of that person, if that person is
25 acting within the scope of authority granted by that license or an
26 affiliate or subsidiary controlled by that broker or dealer, in
27 connection with a transaction involving the offer, sale, purchase,
28 or exchange of one or more promissory notes secured directly or
29 indirectly by liens on real property or a security representing an
30 ownership interest in a pool of promissory notes secured directly
31 or indirectly by liens on real property, and the offer and sale of
32 those securities is qualified under the California Corporate
33 Securities Law of 1968 or registered under federal securities laws,
34 or exempt from qualification or registration.

35 (8) A licensed real estate broker selling the loan to an
36 institutional investor specified in paragraphs (1) to (7), inclusive,
37 or paragraph (9) or (10).

38 (9) A business development company as defined in Section
39 2(a)(48) of the Investment Company Act of 1940 or a Small
40 Business Investment Company licensed by the United States Small

1 Business Administration under Section 301(c) or (d) of the Small
2 Business Investment Act of 1958.

3 (10) A syndication or other combination of any of the foregoing
4 entities that is organized to purchase a promissory note.

5 (11) A trust or other business entity established by an
6 institutional investor for the purpose of issuing or facilitating the
7 issuance of securities representing undivided interests in, or rights
8 to receive payments from or to receive payments primarily from,
9 a pool of financial assets held by the trust or business entity,
10 provided that all of the following apply:

11 (A) The business entity is not a sole proprietorship.

12 (B) The pool of assets consists of one or more of the following:

13 (i) Interest-bearing obligations.

14 (ii) Other contractual obligations representing the right to receive
15 payments from the assets.

16 (iii) Surety bonds, insurance policies, letters of credit, or other
17 instruments providing credit enhancement for the assets.

18 (C) The securities will be either one of the following:

19 (i) Rated as “investment grade” by Standard and Poor’s
20 Corporation or Moody’s Investors Service, Inc. “Investment grade”
21 means that the securities will be rated by Standard and Poor’s
22 Corporation as AAA, AA, A, or BBB or by Moody’s Investors
23 Service, Inc. as Aaa, Aa, A, or Baa, including any of those ratings
24 with “+” or “—” designation or other variations that occur within
25 those ratings.

26 (ii) Sold to an institutional investor.

27 (D) The offer and sale of the securities is qualified under the
28 California Corporate Securities Law of 1968 or registered under
29 federal securities laws, or exempt from qualification or registration.

30 (k) “Institutional lender” means the following:

31 (1) The United States or any state, district, territory, or
32 commonwealth thereof, or any city, county, city and county, public
33 district, public authority, public corporation, public entity, or
34 political subdivision of a state, district, territory, or commonwealth
35 of the United States, or any agency or other instrumentality of any
36 one or more of the foregoing, including, by way of example, the
37 Federal National Mortgage Association and the Federal Home
38 Loan Mortgage Corporation.

39 (2) Any bank, trust company, savings bank or savings and loan
40 association, credit union, industrial loan company, or insurance

1 company, or service or investment company that is wholly owned
2 and controlled by one of the preceding entities, doing business
3 under the authority of and in accordance with a license, certificate,
4 or charter issued by the United States or any state, district, territory,
5 or commonwealth of the United States.

6 (3) Any corporation with outstanding securities registered under
7 Section 12 of the Securities Exchange Act of 1934 or any wholly
8 owned subsidiary of that corporation.

9 (4) A residential mortgage lender or servicer licensed to make
10 residential mortgage loans under this law.

11 (l) “Law” means the California Residential Mortgage Lending
12 Act.

13 (m) “Lender” means a person that (1) is an approved lender for
14 the Federal Housing Administration, Veterans Administration,
15 Farmers Home Administration, Government National Mortgage
16 Association, Federal National Mortgage Association, or Federal
17 Home Loan Mortgage Corporation, (2) directly makes residential
18 mortgage loans, and (3) makes the credit decision in the loan
19 transactions.

20 (n) “Licensee” means, depending on the context, a person
21 licensed under Chapter 2 (commencing with Section 50120),
22 Chapter 3 (commencing with Section 50130), or Chapter 3.5
23 (commencing with Section 50140).

24 (o) “Makes or making residential mortgage loans” or “mortgage
25 lending” means processing, underwriting, or as a lender using or
26 advancing one’s own funds, or making a commitment to advance
27 one’s own funds, to a loan applicant for a residential mortgage
28 loan.

29 (p) “Mortgage loan,” “residential mortgage loan,” or “home
30 mortgage loan” means a federally related mortgage loan as defined
31 in Section 3500.2 of Title 24 of the Code of Federal Regulations,
32 or a loan made to finance construction of a one-to-four family
33 dwelling.

34 (q) “Mortgage servicer” or “residential mortgage loan servicer”
35 means a person that (1) is an approved servicer for the Federal
36 Housing Administration, Veterans Administration, Farmers Home
37 Administration, Government National Mortgage Association,
38 Federal National Mortgage Association, or Federal Home Loan
39 Mortgage Corporation, and (2) directly services or offers to service
40 mortgage loans.

1 (r) “Nationwide Mortgage Licensing System and Registry”
2 means a mortgage licensing system developed and maintained by
3 the Conference of State Bank Supervisors and the American
4 Association of Residential Mortgage Regulators for the licensing
5 and registration of licensed mortgage loan originators.

6 (s) “Net worth” has the meaning set forth in Section 50201.

7 (t) “Own funds” means (1) cash, corporate capital, or warehouse
8 credit lines at commercial banks, savings banks, savings and loan
9 associations, industrial loan companies, or other sources that are
10 liability items on a lender’s financial statements, whether secured
11 or unsecured, or (2) a lender’s affiliate’s cash, corporate capital,
12 or warehouse credit lines at commercial banks or other sources
13 that are liability items on the affiliate’s financial statements,
14 whether secured or unsecured. “Own funds” does not include funds
15 provided by a third party to fund a loan on condition that the third
16 party will subsequently purchase or accept an assignment of that
17 loan.

18 (u) “Person” means a natural person, a sole proprietorship, a
19 corporation, a partnership, a limited liability company, an
20 association, a trust, a joint venture, an unincorporated organization,
21 a joint stock company, a government or a political subdivision of
22 a government, and any other entity.

23 (v) “Residential real property” or “residential real estate” means
24 real property located in this state that is improved by a one-to-four
25 family dwelling.

26 (w) “SAFE Act” means the federal Secure and Fair Enforcement
27 for Mortgage Licensing Act of 2008 (Public Law 110-289).

28 (x) “Service” or “servicing” means receiving more than three
29 installment payments of principal, interest, or other amounts placed
30 in escrow, pursuant to the terms of a mortgage loan and performing
31 services by a licensee relating to that receipt or the enforcement
32 of its receipt, on behalf of the holder of the note evidencing that
33 loan.

34 (y) “Sell” includes exchange, offer to sell, or solicitation to sell.

35 (z) “Unique identifier” means a number or other identifier
36 assigned by protocols established by the Nationwide Mortgage
37 Licensing System and Registry.

38 (aa) For purposes of Sections 50142, 50143, and 50145,
39 “nontraditional mortgage product” means any mortgage product
40 other than a 30-year fixed rate mortgage.

(ab) For purposes of Section 50141, “expungement” means the subsequent order under the provisions of Section 1203.4 of the Penal Code allowing such individual to withdraw his or her plea of guilty and to enter a plea of not guilty, or setting aside the verdict of guilty or dismissing the accusation, information, or indictment. With respect to criminal convictions in another state, that state’s definition of expungement will apply.

SEC. 63. Section 8684.2 of the Government Code is amended to read:

8684.2. (a) It is the intent of the Legislature:

(1) To provide the Governor with appropriate emergency powers in order to enable utilization of available emergency funding to provide guarantees for interim loans to be made by lending institutions, in connection with relief provided for those persons affected by disasters or a state of emergency in affected areas during periods of disaster relief assistance, for the purpose of supplying interim financing to enable small businesses to continue operations pending receipt of federal disaster assistance.

(2) That the Governor should utilize this authority to prevent business insolvencies and loss of employment in areas affected by these disasters.

(b) In addition to the allocations authorized by Section 8683 and the loan guarantee provisions of Section 14030.1 of the Corporations Code, the Governor may allocate funds made available for the purposes of this chapter, in connection with relief provided, in affected areas during the period of federal disaster relief, to the Small Business Expansion Fund for use by the *Governor’s Office of ~~Small Business~~, Business and Economic Development*, pursuant to Chapter 1 (commencing with Section 14000) of Part 5 of Division 3 of Title 1 of the Corporations Code, to provide guarantees for low-interest interim loans to be made by lending institutions for the purpose of providing interim financing to enable small businesses that have suffered actual physical damage or significant economic losses, as a result of the disaster or state of emergency for which funding under this section is made available, to continue or resume operations pending receipt of loans made or guaranteed by the federal Small Business Administration. The maximum amount of any loan guarantee funded under this paragraph shall not exceed two hundred thousand dollars (\$200,000). Each loan guarantee shall not exceed 95 percent

1 of the loan amount, except that a loan guarantee may be for 100
2 percent of the loan amount if the applicant can demonstrate that
3 access to business records pertinent to the loan application has
4 been precluded by official action prohibiting necessary reentry
5 into the affected business premises or that those business records
6 pertinent to the loan application have been destroyed. The term of
7 the loan shall be determined by the lending institution providing
8 the loan or shall be made payable on the date the proceeds of a
9 loan made or guaranteed by the federal Small Business
10 Administration with respect to the same damage or loss are made
11 available to the borrower, whichever event first occurs.

12 (c) Loan guarantees for which the initial 12-month term has
13 expired and for which an application for disaster assistance funding
14 from the federal Small Business Administration is still pending
15 may be extended until the Small Business Administration has
16 reached a final decision on the application. Applications for interim
17 loans shall be processed in an expeditious manner. Wherever
18 possible, lending institutions shall fund nonconstruction loans
19 within 60 calendar days of application. Loan guarantees for loans
20 that have been denied funding by the federal Small Business
21 Administration, may be extended by the financial institution
22 provided that the loan is for no longer than a maximum of seven
23 years, if the business demonstrates the ability to repay the loan
24 with an extended loan term, and a new credit analysis is provided.
25 All loans extended under this provision shall be repaid in
26 installments of principal and interest, and be fully amortized over
27 the term of the loan. ~~Nothing in this~~ This section shall *not* preclude
28 the lender from charging reasonable administrative fees in
29 connection with the loan.

30 (d) Allocations pursuant to this section shall, for purposes of
31 all provisions of law, be deemed to be for extraordinary emergency
32 or disaster response operation costs, as provided in Section 8690.6,
33 incurred by state employees assigned to work on the financial
34 development corporation program.

35 (e) ~~The Business, Transportation and Housing Agency~~ *Governor's Office of Business*
36 ~~Economic Development~~ *Economic Development* may adopt
37 regulations to implement the loan guarantee program authorized
38 by this section. ~~The agency~~ *Governor's Office of Business and*
39 *Economic Development* may adopt these regulations as emergency
40 regulations in accordance with Chapter 3.5 (commencing with

1 Section 11340) of Part 1 of Division 3, and for purposes of that
2 chapter, including Section 11349.6, the adoption of the regulations
3 shall be considered by the Office of Administrative Law to be
4 necessary for the immediate preservation of the public peace, health
5 and safety, and general welfare. Notwithstanding subdivision (e)
6 of Section 11346.1, the regulations shall be repealed within 180
7 days after their effective date unless the agency complies with
8 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
9 3, as provided in subdivision (e) of Section 11346.1.

10 (f) Within 60 days of the conclusion of the period for
11 guaranteeing loans under any small business disaster loan guarantee
12 program conducted for a disaster as authorized by Section 8684.2,
13 or Section 14075 of the Corporations Code, the ~~agency~~ Governor's
14 Office of Business and Economic Development shall provide a
15 report to the Legislature on loan guarantees approved and rejected
16 by gender, ethnic group, type of business and location, and each
17 participating loan institution.

18 SEC. 64. Section 11532 of the Government Code is amended
19 to read:

20 11532. For purposes of this chapter, the following terms shall
21 have the following meanings, unless the context requires otherwise:

22 (a) ~~"Director"~~ "Chief" means the ~~Director~~ Chief of the Office
23 of Technology Services.

24 (b) "Technology" includes, but is not limited to, all electronic
25 technology systems and services, automated information handling,
26 system design and analysis, conversion of data, computer
27 programming, information storage and retrieval, and business
28 telecommunications systems and services.

29 (c) "Business telecommunications systems and services"
30 includes, but is not limited to, wireless or wired systems for
31 transport of voice, video, and data communications, network
32 systems, requisite facilities, equipment, system controls, simulation,
33 electronic commerce, and all related interactions between people
34 and machines. Public safety communications are excluded from
35 this definition.

36 (d) "Public agencies" include, but are not limited to, all state
37 and local governmental agencies in the state, including cities,
38 counties, other political subdivisions of the state, state departments,
39 agencies, boards, and commissions, and departments, agencies,
40 boards, and commissions of other states and federal agencies.

1 SEC. 65. *Section 11534 of the Government Code is amended*
2 *to read:*

3 11534. (a) There is in ~~state government, the Government~~
4 ~~Operations Agency, in the California Technology Agency,~~
5 ~~Department of Technology,~~ the Office of Technology Services.

6 (b) The purpose of this article is to establish a general purpose
7 technology services provider to serve the common technology
8 needs of executive branch entities with accountability to customers
9 for providing secure services that are responsive to client needs at
10 a cost representing best value to the state.

11 (c) The purpose of this chapter is to improve and coordinate the
12 use of technology and to coordinate and cooperate with all public
13 agencies in the state in order to eliminate duplications and to bring
14 about economies that could not otherwise be obtained.

15 (d) Unless the context clearly requires otherwise, whenever the
16 term “Department of Technology Services” appears in any statute,
17 regulation, or contract, it shall be deemed to refer to the Office of
18 Technology Services, and whenever the term “Director of
19 Technology Services” appears in statute, regulation, or contract,
20 it shall be deemed to refer to the ~~Secretary Chief of California~~
21 ~~Technology.~~ *the Office of Technology Services.*

22 (e) Unless the context clearly requires otherwise, the Office of
23 Technology Services and the ~~Secretary Director of California~~
24 Technology succeed to and are vested with all the duties, powers,
25 purposes, responsibilities, and jurisdiction vested in the former
26 Department of Technology Services and the former Director of
27 Technology Services, *or Secretary of California Technology,*
28 respectively.

29 (f) All employees serving in state civil service, other than
30 temporary employees, who are engaged in the performance of
31 functions transferred to the Office of Technology Services, are
32 transferred to the Office of Technology Services. The status,
33 positions, and rights of those persons shall not be affected by their
34 transfer and shall continue to be retained by them pursuant to the
35 State Civil Service Act (Part 2 (commencing with Section 18500)
36 of Division 5), except as to positions the duties of which are vested
37 in a position exempt from civil service. The personnel records of
38 all transferred employees shall be transferred to the Office of
39 Technology Services.

(g) The property of any office, agency, or department related to functions transferred to the Office of Technology Services is transferred to the Office of Technology Services. If any doubt arises as to where that property is transferred, the Department of General Services shall determine where the property is transferred.

(h) All unexpended balances of appropriations and other funds available for use in connection with any function or the administration of any law transferred to the Office of Technology Services shall be transferred to the Office of Technology Services for the use and for the purpose for which the appropriation was originally made or the funds were originally available. If there is any doubt as to where those balances and funds are transferred, the Department of Finance shall determine where the balances and funds are transferred.

SEC. 66. Section 11538 of the Government Code is amended to read:

11538. The ~~director~~ *Chief of the Office of Technology Services* shall be appointed by, and serve at the pleasure of, the Governor, subject to Senate confirmation. *The chief shall report to the Director of Technology.*

SEC. 67. Section 11539 of the Government Code is amended to read:

11539. The ~~director~~ *chief* shall be responsible for managing the affairs of the Office of Technology Services and shall perform all duties, exercise all powers and jurisdiction, and assume and discharge all responsibilities necessary to carry out the purposes of this chapter. The Office of Technology Services shall employ professional, clerical, technical, and administrative personnel as necessary to carry out this chapter.

SEC. 68. Section 11540 of the Government Code is amended to read:

11540. The ~~Secretary~~ *Director of California* Technology shall propose to the Director of Finance rates for Office of Technology Services' services based on a formal rate methodology. The Director of Finance shall approve the proposal based on the reasonableness of the rates and any significant impact on departmental budgets. The ~~secretary~~ *Director of Technology* and the Director of Finance shall coordinate to develop policies and procedures to implement this section, including, but not limited to, the format and timeframe of the rate proposal.

1 *SEC. 69. Section 11541 of the Government Code is amended*
2 *to read:*

3 11541. (a) The Office of Technology Services may acquire,
4 install, equip, maintain, and operate new or existing business
5 telecommunications systems and services. Acquisitions for
6 information technology goods and services shall be made pursuant
7 to Chapter 3 (commencing with Section 12100) of Part 2 of
8 Division 2 of the Public Contract Code. To accomplish that
9 purpose, the Office of Technology Services may enter into
10 contracts, obtain licenses, acquire personal property, install
11 necessary equipment and facilities, and do other acts that will
12 provide adequate and efficient business telecommunications
13 systems and services. Any system established shall be made
14 available to all public agencies in the state on terms that may be
15 agreed upon by the agency and the Office of Technology Services.

16 (b) With respect to business telecommunications systems and
17 services, the Office of Technology Services may do all of the
18 following:

19 (1) Provide representation of public agencies before the Federal
20 Communications Commission in matters affecting the state and
21 other public agencies regarding business telecommunications
22 systems and services issues.

23 (2) Provide, upon request, advice to public agencies concerning
24 existing or proposed business telecommunications systems and
25 services between any and all public agencies.

26 (3) Recommend to public agencies rules, regulations,
27 procedures, and methods of operation that it deems necessary to
28 effectuate the most efficient and economical use of business
29 telecommunications systems and services within the state.

30 (4) Carry out the policies of this chapter.

31 (c) The Office of Technology Services has responsibilities with
32 respect to business telecommunications systems, services, policy,
33 and planning, which include, but are not limited to, all of the
34 following:

35 (1) Assessing the overall long-range business
36 telecommunications needs and requirements of the state
37 considering both routine and emergency operations for business
38 telecommunications systems and services, performance, cost,
39 state-of-the-art technology, multiuser availability, security,

1 reliability, and other factors deemed to be important to state needs
2 and requirements.

3 (2) Developing strategic and tactical policies and plans for
4 business telecommunications with consideration for the systems
5 and requirements of public agencies.

6 (3) Recommending industry standards, service level agreements,
7 and solutions regarding business telecommunications systems and
8 services to ensure multiuser availability and compatibility.

9 (4) Providing advice and assistance in the selection of business
10 telecommunications equipment to ensure all of the following:

11 (A) Ensuring that the business telecommunications needs of
12 state agencies are met.

13 (B) Ensuring that procurement is compatible throughout state
14 agencies and is consistent with the state's strategic and tactical
15 plans for telecommunications.

16 (C) Ensuring that procurement is designed to leverage the buying
17 power of the state and encourage economies of scale.

18 (5) Providing management oversight of statewide business
19 telecommunications systems and services developments.

20 (6) Providing for coordination of, and comment on, plans and
21 policies and operational requirements from departments that utilize
22 business telecommunications systems and services as determined
23 by the Office of Technology Services.

24 (7) Monitoring and participating, on behalf of the state, in the
25 proceedings of federal and state regulatory agencies and in
26 congressional and state legislative deliberations that have an impact
27 on state governmental business telecommunications activities.

28 (d) The Office of Technology Services shall develop and
29 describe statewide policy on the use of business
30 telecommunications systems and services by state agencies. In the
31 development of that policy, the Office of Technology Services
32 shall ensure that access to state business information and services
33 is improved, and that the policy is cost effective for the state and
34 its residents. The Office of Technology Services shall develop
35 guidelines that do all of the following:

36 (1) Describe what types of state business information and
37 services may be accessed using business telecommunications
38 systems and services.

39 (2) Characterize the conditions under which a state agency may
40 utilize business telecommunications systems and services.

1 (3) Characterize the conditions under which a state agency may
2 charge for information and services.

3 (4) Specify pricing policies.

4 (5) Provide other guidance as may be appropriate at the
5 discretion of the Office of Technology Services.

6 ~~(e) It is the intent of the Legislature that this section supersede~~
7 ~~Section 11541 of the Government Code, as added by Section 1 of~~
8 ~~the Governor's Reorganization Plan No. 2, effective July 9, 2005.~~

9 *SEC. 70. Section 11542 of the Government Code is amended*
10 *to read:*

11 11542. (a) (1) The Stephen P. Teale Data Center and the
12 California Health and Human Services Agency Data Center are
13 consolidated within, and their functions are transferred to, the
14 Office of Technology Services.

15 (2) Except as expressly provided otherwise in this chapter, the
16 Office of Technology Services is the successor to, and is vested
17 with, all of the duties, powers, purposes, responsibilities, and
18 jurisdiction of the Stephen P. Teale Data Center, and the California
19 Health and Human Services Agency Data Center. Any reference
20 in statutes, regulations, or contracts to those entities with respect
21 to the transferred functions shall be construed to refer to the Office
22 of Technology Services unless the context clearly requires
23 otherwise.

24 (3) ~~No~~ A contract, lease, license, or any other agreement to
25 which either the Stephen P. Teale Data Center or the California
26 Health and Human Services Agency Data Center is a party shall
27 *not* be void or voidable by reason of this chapter, but shall continue
28 in full force and effect, with the Office of Technology Services
29 assuming all of the rights, obligations, and duties of the Stephen
30 P. Teale Data Center or the California Health and Human Services
31 Agency Data Center, respectively.

32 (4) Notwithstanding subdivision (e) of Section 11793 and
33 subdivision (e) of Section 11797, on and after the effective date
34 of this chapter, the balance of any funds available for expenditure
35 by the Stephen P. Teale Data Center and the California Health and
36 Human Services Agency Data Center, with respect to business
37 telecommunications systems and services functions in carrying
38 out any functions transferred to the Office of Technology Services
39 by this chapter, shall be transferred to the Technology Services
40 Revolving Fund created by Section 11544, and shall be made

1 available for the support and maintenance of the Office of
2 Technology Services.

3 (5) All references in statutes, regulations, or contracts to the
4 former Stephen P. Teale Data Center Fund or the California Health
5 and Human Services Data Center Revolving Fund shall be
6 construed to refer to the Technology Services Revolving Fund
7 unless the context clearly requires otherwise.

8 (6) All books, documents, records, and property of the Stephen
9 P. Teale Data Center and the California Health and Human Services
10 Agency Data Center, excluding the Systems Integration Division,
11 shall be transferred to the Office of Technology Services.

12 (7) (A) All officers and employees of the former Stephen P.
13 Teale Data Center and the California Health and Human Services
14 Agency Data Center, are transferred to the Office of Technology
15 Services.

16 (B) The status, position, and rights of any officer or employee
17 of the Stephen P. Teale Data Center and the California Health and
18 Human Services Agency Data Center, shall not be affected by the
19 transfer and consolidation of the functions of that officer or
20 employee to the Office of Technology Services.

21 (b) (1) All duties and functions of the Telecommunications
22 Division of the Department of General Services are transferred to
23 the ~~California Technology Agency~~. *Department of Technology*.

24 (2) Unless the context clearly requires otherwise, whenever the
25 term “Telecommunications Division of the Department of General
26 Services” or “*California Technology Agency*” appears in any
27 statute, regulation, or contract, it shall be deemed to refer to the
28 ~~California Technology Agency~~. *Department of Technology*.

29 (3) All employees serving in state civil service, other than
30 temporary employees, who are engaged in the performance of
31 functions transferred to the ~~California Technology Agency~~,
32 *Department of Technology*, are transferred to the ~~California~~
33 ~~Technology Agency~~. *Department of Technology*. The status,
34 positions, and rights of those persons shall not be affected by their
35 transfer and shall continue to be retained by them pursuant to the
36 State Civil Service Act (Part 2 (commencing with Section 18500)
37 of Division 5), except as to positions the duties of which are vested
38 in a position exempt from civil service. The personnel records of
39 all transferred employees shall be transferred to the ~~California~~
40 ~~Technology Agency~~. *Department of Technology*.

(4) The property of any office, agency, or department related to functions transferred to the ~~California Technology Agency~~, *Department of Technology*, are transferred to the ~~California Technology Agency~~. *Department of Technology*. If any doubt arises as to where that property is transferred, the Department of General Services shall determine where the property is transferred.

(5) All unexpended balances of appropriations and other funds available for use in connection with any function or the administration of any law transferred to the ~~California Department of Technology Agency~~ shall be transferred to the ~~California Department of Technology Agency~~ for the use and for the purpose for which the appropriation was originally made or the funds were originally available. If there is any doubt as to where those balances and funds are transferred, the Department of Finance shall determine where the balances and funds are transferred.

SEC. 71. Section 11544 of the Government Code is amended to read:

11544. (a) The Technology Services Revolving Fund, hereafter known as the fund, is hereby created within the State Treasury. The fund shall be administered by the ~~Secretary~~ *Director* of ~~California Technology~~ to receive all revenues from the sale of technology or technology services provided for in this chapter, for other services rendered by the ~~California Technology Agency~~, *Department of Technology*, and all other moneys properly credited to the ~~California Department of Technology Agency~~ from any other source, to pay, upon appropriation by the Legislature, all costs arising from this chapter and rendering of services to state and other public agencies, including, but not limited to, employment and compensation of necessary personnel and expenses, such as operating and other expenses of the ~~California Technology Agency~~, *Department of Technology*, and costs associated with approved information technology projects, and to establish reserves. At the discretion of the ~~Secretary~~ *Director* of ~~California Technology~~, segregated, dedicated accounts within the fund may be established. The amendments made to this section by the act adding this sentence shall apply to all revenues earned on or after July 1, 2010.

(b) The fund shall consist of all of the following:

(1) Moneys appropriated and made available by the Legislature for the purposes of this chapter.

1 (2) Any other moneys that may be made available to the
2 ~~California Department of Technology Agency~~ from any other
3 source, including the return from investments of moneys by the
4 Treasurer.

5 (c) The ~~California Department of Technology Agency~~ may
6 collect payments from public agencies for providing services to
7 those agencies that the agencies have requested from the ~~California~~
8 ~~Technology Agency. Department of Technology. The California~~
9 ~~Department of Technology Agency~~ may require monthly payments
10 by client agencies for the services the agencies have requested.
11 Pursuant to Section 11255, the Controller shall transfer any
12 amounts so authorized by the ~~California Technology Agency,~~
13 ~~Department of Technology,~~ consistent with the annual budget of
14 each department, to the fund. The ~~California Department of~~
15 ~~Technology Agency~~ shall notify each affected state agency upon
16 requesting the Controller to make the transfer.

17 (d) At the end of any fiscal year, if the balance remaining in the
18 fund at the end of that fiscal year exceeds 25 percent of the portion
19 of the ~~California Technology Agency's Department of~~
20 ~~Technology's~~ current fiscal year budget used for support of data
21 center and other client services, the excess amount shall be used
22 to reduce the billing rates for services rendered during the following
23 fiscal year.

24 SEC. 72. *Section 11546 of the Government Code is amended*
25 *to read:*

26 11546. (a) The ~~California Department of Technology Agency~~
27 shall be responsible for the approval and oversight of information
28 technology projects, which shall include, but are not limited to,
29 all of the following:

30 (1) Establishing and maintaining a framework of policies,
31 procedures, and requirements for the initiation, approval,
32 implementation, management, oversight, and continuation of
33 information technology projects. Unless otherwise required by
34 law, a state department shall not procure oversight services of
35 information technology projects without the approval of the
36 ~~California Technology Agency. Department of Technology.~~

37 (2) Evaluating information technology projects based on the
38 business case justification, resources requirements, proposed
39 technical solution, project management, oversight and risk
40 mitigation approach, and compliance with statewide strategies,

1 policies, and procedures. Projects shall continue to be funded
2 through the established Budget Act process.

3 (3) Consulting with agencies during initial project planning to
4 ensure that project proposals are based on well-defined
5 programmatic needs, clearly identify programmatic benefits, and
6 consider feasible alternatives to address the identified needs and
7 benefits consistent with statewide strategies, policies, and
8 procedures.

9 (4) Consulting with agencies prior to project initiation to review
10 the project governance and management framework to ensure that
11 it is best designed for success and will serve as a resource for
12 agencies throughout the project implementation.

13 (5) Requiring agencies to provide information on information
14 technology projects including, but not limited to, all of the
15 following:

16 (A) The degree to which the project is within approved scope,
17 cost, and schedule.

18 (B) Project issues, risks, and corresponding mitigation efforts.

19 (C) The current estimated schedule and costs for project
20 completion.

21 (6) Requiring agencies to perform remedial measures to achieve
22 compliance with approved project objectives. These remedial
23 measures may include, but are not limited to, any of the following:

24 (A) Independent assessments of project activities, the cost of
25 which shall be funded by the agency administering the project.

26 (B) Establishing remediation plans.

27 (C) Securing appropriate expertise, the cost of which shall be
28 funded by the agency administering the project.

29 (D) Requiring additional project reporting.

30 (E) Requiring approval to initiate any action identified in the
31 approved project schedule.

32 (7) Suspending, reinstating, or terminating information
33 technology projects. ~~The agency~~ *Department of Technology* shall
34 notify the Joint Legislative Budget Committee of any project
35 suspension, reinstatement, and termination within 30 days of that
36 suspension, reinstatement, or termination.

37 (8) Establishing restrictions or other controls to mitigate
38 nonperformance by agencies, including, but not limited to, any of
39 the following:

1 (A) The restriction of future project approvals pending
2 demonstration of successful correction of the identified
3 performance failure.

4 (B) The revocation or reduction of authority for state agencies
5 to initiate information technology projects or acquire information
6 technology or telecommunications goods or services.

7 (b) The ~~California Department of Technology Agency~~ shall
8 have the authority to delegate to another agency any authority
9 granted under this section based on its assessment of the agency's
10 project management, project oversight, and project performance.

11 *SEC. 73. Section 11549 of the Government Code is amended*
12 *to read:*

13 11549. (a) There is in state government, in the ~~California~~
14 ~~Technology Agency, Department of Technology,~~ the Office of
15 Information Security. The purpose of the Office of Information
16 Security is to ensure the confidentiality, integrity, and availability
17 of state systems and applications, and to promote and protect
18 privacy as part of the development and operations of state systems
19 and applications to ensure the trust of the residents of this state.

20 (b) The office shall be under the direction of a ~~director, chief,~~
21 who shall be appointed by, and serve at the pleasure of, the
22 Governor. The ~~director chief~~ shall report to the ~~Secretary~~ *Director*
23 of ~~California~~ Technology, and shall lead the Office of Information
24 Security in carrying out its mission.

25 (c) The duties of the Office of Information Security, under the
26 direction of the ~~director, chief,~~ shall be to provide direction for
27 information security and privacy to state government agencies,
28 departments, and offices, pursuant to Section 11549.3.

29 (d) (1) Unless the context clearly requires otherwise, whenever
30 the term "Office of Information Security and Privacy Protection"
31 appears in any statute, regulation, or contract, it shall be deemed
32 to refer to the Office of Information Security, and whenever the
33 term "executive director of the Office of Information Security and
34 Privacy Protection" appears in statute, regulation, or contract, it
35 shall be deemed to refer to the ~~Director~~ *Chief* of the Office of
36 Information Security.

37 (2) All employees serving in state civil service, other than
38 temporary employees, who are engaged in the performance of
39 functions transferred from the Office of Information Security and
40 Privacy Protection to the Office of Information Security, are

1 transferred to the Office of Information Security. The status,
2 positions, and rights of those persons shall not be affected by their
3 transfer and shall continue to be retained by them pursuant to the
4 State Civil Service Act (Part 2 (commencing with Section 18500)
5 of Division 5), except as to positions the duties of which are vested
6 in a position exempt from civil service. The personnel records of
7 all transferred employees shall be transferred to the Office of
8 Information Security.

9 (3) The property of any office, agency, or department related
10 to functions transferred to the Office of Information Security is
11 transferred to the Office of Information Security. If any doubt
12 arises as to where that property is transferred, the Department of
13 General Services shall determine where the property is transferred.

14 (4) All unexpended balances of appropriations and other funds
15 available for use in connection with any function or the
16 administration of any law transferred to the Office of Information
17 Security shall be transferred to the Office of Information Security
18 for the use and for the purpose for which the appropriation was
19 originally made or the funds were originally available. If there is
20 any doubt as to where those balances and funds are transferred,
21 the Department of Finance shall determine where the balances and
22 funds are transferred.

23 *SEC. 74. Section 11549.1 of the Government Code is amended*
24 *to read:*

25 11549.1. As used in this article, the following terms have the
26 following meanings:

27 (a) ~~“Director”~~ “Chief” means the ~~Director~~ Chief of the Office
28 of Information Security.

29 (b) “Office” means the Office of Information Security.

30 (c) “Program” means an information security program
31 established pursuant to Section 11549.3.

32 *SEC. 75. Section 11549.3 of the Government Code is amended*
33 *to read:*

34 11549.3. (a) The ~~director~~ Chief of the Office of Information
35 Security shall establish an information security program. The
36 program responsibilities include, but are not limited to, all of the
37 following:

38 (1) The creation, updating, and publishing of information
39 security and privacy policies, standards, and procedures for state
40 agencies in the State Administrative Manual.

1 (2) The creation, issuance, and maintenance of policies,
2 standards, and procedures directing state agencies to effectively
3 manage security and risk for all of the following:

4 (A) Information technology, which includes, but is not limited
5 to, all electronic technology systems and services, automated
6 information handling, system design and analysis, conversion of
7 data, computer programming, information storage and retrieval,
8 telecommunications, requisite system controls, simulation,
9 electronic commerce, and all related interactions between people
10 and machines.

11 (B) Information that is identified as mission critical, confidential,
12 sensitive, or personal, as defined and published by the office.

13 (3) The creation, issuance, and maintenance of policies,
14 standards, and procedures directing state agencies for the collection,
15 tracking, and reporting of information regarding security and
16 privacy incidents.

17 (4) The creation, issuance, and maintenance of policies,
18 standards, and procedures directing state agencies in the
19 development, maintenance, testing, and filing of each agency's
20 disaster recovery plan.

21 (5) Coordination of the activities of agency information security
22 officers, for purposes of integrating statewide security initiatives
23 and ensuring compliance with information security and privacy
24 policies and standards.

25 (6) Promotion and enhancement of the state agencies' risk
26 management and privacy programs through education, awareness,
27 collaboration, and consultation.

28 (7) Representing the state before the federal government, other
29 state agencies, local government entities, and private industry on
30 issues that have statewide impact on information security and
31 privacy.

32 (b) An information security officer appointed pursuant to Section
33 11546.1 shall implement the policies and procedures issued by the
34 Office of Information Security, including, but not limited to,
35 performing all of the following duties:

36 (1) Comply with the information security and privacy policies,
37 standards, and procedures issued pursuant to this chapter by the
38 Office of Information Security.

(2) Comply with filing requirements and incident notification by providing timely information and reports as required by policy or directives of the office.

(c) The office may conduct, or require to be conducted, independent security assessments of any state agency, department, or office, the cost of which shall be funded by the state agency, department, or office being assessed.

(d) The office may require an audit of information security to ensure program compliance, the cost of which shall be funded by the state agency, department, or office being audited.

(e) The office shall report to the ~~California Department of Technology Agency~~ any state agency found to be noncompliant with information security program requirements.

SEC. 76. Section 12802.8 of the Government Code is amended to read:

12802.8. The Governor may, with respect to the ~~Business, Transportation and Housing~~ Agency, appoint a Deputy Secretary of ~~Housing~~, *Housing Coordination*, who shall serve as the secretary's primary advisor on housing matters, including, but not limited to, sustainable growth policy matters, and other strategies to achieve the state's greenhouse gas emission reduction objectives as it pertains to those housing matters.

The Deputy Secretary of *Housing Coordination* shall hold office at the pleasure of the ~~secretary~~ Governor and shall receive a salary as shall be fixed by the ~~secretary~~ Governor with the approval of the Department of Finance.

SEC. 77. The heading of Article 5 (commencing with Section 13995.50) of Chapter 1 of Part 4.7 of Division 3 of Title 2 of the Government Code is amended to read:

Article 5. ~~Secretary~~ Director

SEC. 78. Section 13995.60 of the Government Code is amended to read:

13995.60. (a) As used in this article and Article 7 (commencing with Section 13995.65), "assessment level" means the estimated gross dollar amount received by assessment from all assessed businesses on an annual basis, and "assessment formula" means the allocation method used within each industry segment (for

1 example, percentage of gross revenue or percentage of transaction
2 charges).

3 (b) Commencing on January 1, 2003, a referendum shall be
4 called every two years, and the commission, by adopted resolution,
5 shall determine the slate of individuals who will run for
6 commissioner. The resolution shall also cover, but not be limited
7 to, the proposed assessment level for each industry category, based
8 upon specified assessment formulae, together with necessary
9 information to enable each assessed business to determine what
10 its individual assessment would be. Commencing with the
11 referendum held in 2007 and every six years thereafter, the
12 resolution shall also cover the termination or continuation of the
13 commission. The resolution may also include an amended industry
14 segment allocation formula and the percentage allocation of
15 assessments between industry categories and segments. The
16 commission may specify in the resolution that a special, lower
17 assessment rate that was set pursuant to subdivision (c) of Section
18 13995.30 for a particular business will no longer apply due to
19 changes in the unique circumstance that originally justified the
20 lower rate. The resolution may include up to three possible
21 assessment levels for each industry category, from which the
22 assessed businesses will select one assessment level for each
23 industry category by plurality weighted vote.

24 (c) The commission shall deliver to the ~~secretary~~ *director* the
25 resolution described in subdivision (b). The ~~secretary~~ *director* shall
26 call a referendum containing the information required by
27 subdivision (b) plus any additional matters complying with the
28 procedures of subdivision (b) of Section 13995.62.

29 (d) When the ~~secretary~~ *director* calls a referendum, all assessed
30 businesses shall be sent a ballot for the referendum. Every ballot
31 that the secretary receives by the ballot deadline shall be counted,
32 utilizing the weighted formula adopted initially by the selection
33 committee, and subsequently amended by referendum.

34 (e) If the commission's assessment level is significantly different
35 from what was projected when the existing assessment formula
36 was last approved by referendum, a majority of members, by
37 weighted votes of an industry category, may petition for a
38 referendum to change the assessment formula applicable to that
39 industry category.

(f) If the referendum includes more than one possible assessment rate for each industry category, the rate with the plurality of weighted votes within a category shall be adopted.

(g) Notwithstanding any other provision of this section, if the commission delivers to the ~~secretary~~ *director* a resolution pertaining to any matter described in subdivision (b), the ~~secretary~~ *director* shall call a referendum at a time or times other than as specified in this section. Each referendum shall contain only those matters contained in the resolution.

(h) Notwithstanding any other provision of this section, the ~~secretary~~ *director* shall identify, to the extent reasonably feasible, those businesses that would become newly assessed due to a change in category, segment, threshold, or exemption status sought via referendum, and provide those businesses the opportunity to vote in that referendum.

~~(i) This section shall become operative only if the Secretary of Business, Transportation and Housing provides notice to the Legislature and the Secretary of State and posts notice on its Internet Web site that the conditions described in Section 13995.92 have been satisfied.~~

SEC. 79. Section 13995.64.5 of the Government Code is amended to read:

13995.64.5. ~~(a)~~— Notwithstanding subdivision (a) of Section 13995.64, if an assessed business within the passenger car rental category pays an assessment greater than the maximum assessment, determined by the commission for other industry categories, the weighted percentage assigned to that assessed business shall be the same as though its assessment were equal to the highest maximum assessment.

~~(b) This section shall become operative only if the Secretary of Business, Transportation and Housing provides notice to the Legislature and the Secretary of State and posts notice on its Internet Web site that the conditions described in Section 13995.92 have been satisfied.~~

SEC. 80. Section 13995.65.5 of the Government Code is amended to read:

13995.65.5. ~~(a)~~— Notwithstanding Section 13995.65 or any other provision of this chapter, for purposes of calculating the assessment for a business within the passenger car rental category, the assessment shall be collected only on each rental transaction

1 that commences at either an airport or at a hotel or other overnight
2 lodging with respect to which a city, city and county, or county is
3 authorized to levy a tax as described in Section 7280 of the
4 Revenue and Taxation Code. A transaction commencing at an
5 airport or hotel or other overnight lodging subject to a transient
6 occupancy tax as described in Section 7280 of the Revenue and
7 Taxation Code, including those that commence at a location that
8 might otherwise by regulation be exempt from assessment, shall
9 be subject to the assessment. The assessment shall always be
10 expressed as a fixed percentage of the amount of the rental
11 transaction.

12 ~~(b) This section shall become operative only if the Secretary of~~
13 ~~Business, Transportation and Housing provides notice to the~~
14 ~~Legislature and the Secretary of State and posts notice on its~~
15 ~~Internet Web site that the conditions described in Section 13995.92~~
16 ~~have been satisfied.~~

17 *SEC. 81. Section 13995.92 of the Government Code is repealed.*

18 ~~13995.92. (a) The California Travel and Tourism Commission~~
19 ~~shall submit a referendum to the passenger rental car industry as~~
20 ~~soon as possible, but not later than March 31, 2007. The~~
21 ~~referendum shall propose an assessment level upon the passenger~~
22 ~~rental car industry, as an industry category, under this chapter. The~~
23 ~~proposed assessment rate shall be set at a level determined by the~~
24 ~~commission that will generate funding that will be sufficient, when~~
25 ~~aggregated together with other funding for the commission, minus~~
26 ~~amounts reverted to the general fund pursuant to Item 0520-495~~
27 ~~of Section 2 of the Budget Act of 2006, for a spending plan for~~
28 ~~the 2006-07 fiscal year of twenty-five million dollars~~
29 ~~(\$25,000,000), and for the 2007-08 fiscal year of fifty million~~
30 ~~dollars (\$50,000,000).~~

31 ~~(b) The commission shall report to the Secretary of Business,~~
32 ~~Transportation and Housing if the referendum and assessment rates~~
33 ~~described in subdivision (a) are agreed to. The secretary shall~~
34 ~~immediately provide notice of that agreement to the Legislature~~
35 ~~and the Secretary of State and shall also post notice of that~~
36 ~~agreement on its Internet Web site.~~

37 *SEC. 82. Section 13997.7 of the Government Code is amended*
38 *to read:*

39 13997.7. (a) Notwithstanding any other provision of law,
40 effective January 1, 2008, the Economic Adjustment Assistance

Grant funded through the United States Economic Development Administration under Title IX of the Public Works and Economic Development Act of 1965 (Grant No. 07-19-02709 and 07-19-2709.1) shall be administered by the ~~Secretary~~ *Director* of ~~Business, Transportation and Housing~~ *the Governor's Office of Business and Economic Development*, and, for the purpose of state administration of this grant, the ~~secretary~~ *Director of the Governor's Office of Business and Economic Development* shall be deemed to be the successor to the former Secretary of Technology, Trade and Commerce. The ~~secretary~~ *Director of the Governor's Office of Business and Economic Development* may assign and contract administration of the grant to a public agency created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1.

(b) On January 1, 2008, all federal moneys held in the Sudden and Severe Economic Dislocation Grant Account within the Special Deposit Fund are hereby transferred to the Small Business Expansion Fund created pursuant to Section 14030 of the Corporations Code for expenditure by the ~~Business, Transportation and Housing Agency~~ *Governor's Office of Business and Economic Development* pursuant to Article 9 (commencing with Section 14070) of the Corporations Code for purposes of the Sudden and Severe Economic Dislocation Grant program, or other purposes permitted by the cognizant federal agency.

(c) All loan repayments received on or after January 1, 2008, for the Sudden and Severe Economic Dislocation Grant program loans issued pursuant to former Section 15327 (repealed by Section 1.8 of Chapter 229 of the Statutes of 2003 (AB 1757)) and this section, shall be deposited into the Small Business Expansion Fund and shall be available to the ~~Business, Transportation and Housing Agency~~ *Governor's Office of Business and Economic Development* for expenditure pursuant to the provisions of Article 9 (commencing with Section 14070) of the Corporations Code for the Sudden and Severe Economic Dislocation Grant program, or other purposes permitted by the cognizant federal agency.

SEC. 83. *Section 14030 of the Government Code is amended to read:*

14030. The powers and duties of the department ~~shall~~ include, but ~~are not~~ be limited to, all of the following activities:

1 (a) Supporting the commission in coordinating and developing,
2 in cooperation with local and regional entities, comprehensive
3 balanced transportation planning and policy for the movement of
4 people and goods within the state.

5 (b) Coordinating and assisting, upon request of, the various
6 public and private transportation entities in strengthening their
7 development and operation of balanced integrated mass
8 transportation, highway, aviation, maritime, railroad, and other
9 transportation facilities and services in support of statewide and
10 regional goals.

11 (c) Developing, in cooperation with local and regional
12 transportation entities, the full potential of all resources and
13 opportunities ~~which that~~ are now, and may become, available to
14 the state and to regional and local agencies for meeting California's
15 transportation needs, as provided by statutes and, in particular,
16 maximizing the amount of federal funds ~~which that~~ may be
17 available to the state and increasing the efficiency by which ~~such~~
18 *those* funds are utilized.

19 (d) Planning, designing, constructing, operating, and maintaining
20 those transportation systems ~~which that~~ the Legislature has made,
21 or may make, the responsibility of the department; provided that
22 the department is not authorized to assume the functions of project
23 planning, designing, constructing, operating, or maintaining
24 maritime or aviation facilities without express prior approval of
25 the Legislature with the exception of those aviation functions ~~which~~
26 *that* have been designated for the department in the Public Utilities
27 Code.

28 (e) Coordinating and developing transportation research projects
29 of statewide interest.

30 (f) Exercising ~~such~~ other functions, powers, and duties as are
31 or may be provided for by law.

32 (g) With the Department of Housing and Community
33 Development, investigating and reporting to the Secretary of ~~the~~
34 ~~Business, Transportation and~~ *the Secretary of Business, Consumer*
35 *Services and Housing Agency* upon the consistency between state,
36 local, and federal housing plans and programs and state, local, and
37 federal transportation plans and programs.

38 *SEC. 84. Section 14998.3 of the Government Code is amended*
39 *to read:*

1 14998.3. (a) The commission shall submit a list of
2 recommended candidates for the position of Director of the Film
3 Commission to the Governor for consideration. The Governor
4 shall appoint the director.

5 (b) The Director of the Film Commission shall receive a salary
6 to be determined by the Department of Human Resources.

7 (c) ~~The secretary,~~ *Director of the Governor's Office of Business*
8 *and Economic Development*, or his or her designee, shall act as
9 the director during the absence from the state or other temporary
10 absence, disability, or unavailability of the director, or during a
11 vacancy in that position.

12 SEC. 85. *Section 14998.4 of the Government Code is amended*
13 *to read:*

14 14998.4. (a) The commission shall meet at least quarterly and
15 shall select a chairperson and a vice chairperson from among its
16 members. The vice chairperson shall act as chairperson in the
17 chairperson's absence.

18 (b) Each commission member shall serve without compensation
19 but shall be reimbursed for traveling outside the county in which
20 he or she resides to attend meetings.

21 (c) The commission shall work to encourage motion picture and
22 television filming in California and to that end, shall exercise all
23 of the powers provided in this chapter.

24 (d) The commission shall make recommendations to the
25 Legislature, the Governor, the ~~Business, Transportation~~ *Governor's*
26 *Office of Business and Housing Agency, Economic Development*,
27 and other state agencies on legislative or administrative actions
28 that may be necessary or helpful to maintain and improve the
29 position of the state's motion picture industry in the national and
30 world markets.

31 (e) In addition, subject to the provision of funding appropriated
32 for these purposes, the commission shall do all of the following:

33 (1) Adopt guidelines for a standardized permit to be used by
34 state agencies and the director.

35 (2) Approve or modify the marketing and promotion plan
36 developed by the director pursuant to subdivision (d) of Section
37 14998.9 to promote filmmaking in the state.

38 (3) Conduct workshops and trade shows.

39 (4) Provide expertise in promotional activities.

40 (5) Hold hearings.

1 (6) Adopt its own operational rules and procedures.

2 (7) Counsel the Legislature and the Governor on issues relating
3 to the motion picture industry.

4 SEC. 86. Section 14998.6 of the Government Code is amended
5 to read:

6 14998.6. The director of the commission shall provide staff
7 support to the California Film Commission. When needed, the
8 ~~secretary~~ Director of the Governor's Office of Business and
9 Economic Development may assign additional staff on a temporary
10 or permanent basis.

11 SEC. 87. Section 14998.7 of the Government Code is amended
12 to read:

13 14998.7. Any funds appropriated to, or for use by, the
14 California Film Commission for purposes of this chapter, shall be
15 under the control of the ~~secretary~~ Director of the Governor's Office
16 of Business and Economic Development or his or her designee.

17 SEC. 88. Section 15251 of the Government Code is amended
18 to read:

19 15251. Unless the context requires otherwise, as used in this
20 part, the following terms shall have the following meanings:

21 (a) "~~Agency~~" "~~Department~~" means the ~~California Technology~~
22 ~~Agency~~ Department of Technology.

23 (b) "~~Division~~" "~~Office~~" means the Public Safety
24 Communications ~~Division~~ Office established by this part.

25 SEC. 89. Section 15277 of the Government Code is amended
26 to read:

27 15277. The Public Safety Communications ~~Division~~ Office is
28 established within the ~~agency~~ department. The duties of the
29 ~~division~~ office shall include, but not be limited to, all of the
30 following:

31 (a) Assessing the overall long-range public safety
32 communications needs and requirements of the state considering
33 emergency operations, performance, cost, state-of-the-art
34 technology, multiuser availability, security, reliability, and other
35 factors deemed to be important to state needs and requirements.

36 (b) Developing strategic and tactical policies and plans for public
37 safety communications with consideration for the systems and
38 requirements of the state and all public agencies in this state, and
39 preparing an annual strategic communications plan that includes

1 the feasibility of interfaces with federal and other state
2 telecommunications networks and services.

3 (c) Recommending industry standards for public safety
4 communications systems to ensure multiuser availability and
5 compatibility.

6 (d) Providing advice and assistance in the selection of
7 communications equipment to ensure that the public safety
8 communications needs of state agencies are met and that
9 procurements are compatible throughout state agencies and are
10 consistent with the state's strategic and tactical plans for public
11 safety communications.

12 (e) Providing management oversight of statewide public safety
13 communications systems developments.

14 (f) Providing for coordination of, and comment on, plans,
15 policies, and operational requirements from departments that utilize
16 public safety communications in support of their principal function,
17 such as the California Emergency Management Agency, National
18 Guard, health and safety agencies, and others with primary public
19 safety communications programs.

20 (g) Monitoring and participating on behalf of the state in the
21 proceedings of federal and state regulatory agencies and in
22 congressional and state legislative deliberations that have an impact
23 on state government public safety communications activities.

24 (h) Developing plans regarding teleconferencing as an
25 alternative to state travel during emergency situations.

26 (i) Ensuring that all radio transmitting devices owned or operated
27 by state agencies and departments are licensed, installed, and
28 maintained in accordance with the requirements of federal law. A
29 request for a federally required license for a state-owned radio
30 transmitting device shall be sought only in the name of the "State
31 of California."

32 (j) Acquiring, installing, equipping, maintaining, and operating
33 new or existing public safety communications systems and facilities
34 for public safety agencies. To accomplish that purpose, the ~~division~~
35 *office* is authorized to enter into contracts, obtain licenses, acquire
36 property, install necessary equipment and facilities, and do other
37 necessary acts to provide adequate and efficient public safety
38 communications systems. Any systems established shall be
39 available to all public agencies in the state on terms that may be
40 agreed upon by the public agency and the ~~division~~ *office*.

(k) Acquiring, installing, equipping, maintaining, and operating all new or replacement microwave communications systems operated by the state, except microwave equipment used exclusively for traffic signal and signing control, traffic metering, and roadway surveillance systems. To accomplish that purpose, the ~~division~~ office is authorized to enter into contracts, obtain licenses, acquire property, install necessary equipment and facilities, and do other necessary acts to provide adequate and efficient microwave communications systems. Any system established shall be available to all public safety agencies in the state on terms that may be agreed upon by the public agency and the ~~division~~ office.

(l) This chapter shall not apply to Department of Justice communications operated pursuant to Chapter 2.5 (commencing with Section 15150) of Part 6.

SEC. 90. Section 53108.5 of the Government Code is amended to read:

53108.5. “~~Division~~,” “Office,” as used in this article, means the Public Safety Communications ~~Division~~ Office within the ~~California Technology Agency~~ Department of Technology.

SEC. 91. Section 53113 of the Government Code is amended to read:

53113. The Legislature finds that, because of overlapping jurisdiction of public agencies, public safety agencies, and telephone service areas, a general overview or plan should be developed prior to the establishment of any system. In order to ensure that proper preparation and implementation of those systems is accomplished by all public agencies by December 31, 1985, the ~~division~~ office, with the advice and assistance of the Attorney General, shall secure compliance by public agencies as provided in this article.

SEC. 92. Section 53114 of the Government Code is amended to read:

53114. The ~~division~~ office, with the advice and assistance of the Attorney General, shall coordinate the implementation of systems established pursuant to the provisions of this article. The ~~division~~ office, with the advice and assistance of the Attorney General, shall assist local public agencies and local public safety agencies in obtaining financial help to establish emergency telephone service, and shall aid agencies in the formulation of

1 concepts, methods, and procedures that will improve the operation
2 of systems required by this article and that will increase cooperation
3 between public safety agencies.

4 *SEC. 93. Section 53114.1 of the Government Code is amended*
5 *to read:*

6 53114.1. To accomplish the responsibilities specified in this
7 article, the ~~division~~ office is directed to consult at regular intervals
8 with the State Fire Marshal, the State Department of Public Health,
9 the Office of Traffic Safety, the ~~California~~ Office of Emergency
10 Management Agency, Services, a local representative from a city,
11 a local representative from a county, the public utilities in this state
12 providing telephone service, the Association of Public-Safety
13 Communications Officials, the Emergency Medical Services
14 Authority, the Department of the California Highway Patrol, and
15 the Department of Forestry and Fire Protection. These agencies
16 shall provide all necessary assistance and consultation to the
17 ~~division~~ office to enable it to perform its duties specified in this
18 article.

19 *SEC. 94. Section 53114.2 of the Government Code is amended*
20 *to read:*

21 53114.2. On or before December 31, 1976, and each
22 even-numbered year thereafter, after consultation with all agencies
23 specified in Section 53114.1, the ~~division~~ office shall review and
24 update technical and operational standards for public agency
25 systems.

26 *SEC. 95. Section 53115 of the Government Code is amended*
27 *to read:*

28 53115. The ~~division~~ office shall monitor all emergency
29 telephone systems to ensure they comply with minimal operational
30 and technical standards as established by the ~~division~~ office. If
31 any system does not comply the ~~division~~ office shall notify in
32 writing the public agency or agencies operating the system of its
33 deficiencies. The public agency shall bring the system into
34 compliance with the operational and technical standards within 60
35 days of notice by the ~~division~~ office. Failure to comply within
36 ~~such~~ this time shall subject the public agency to action by the
37 Attorney General pursuant to Section 53116.

38 *SEC. 96. Section 53115.1 of the Government Code is amended*
39 *to read:*

1 53115.1. (a) There is in state government the State 911
2 Advisory Board.

3 (b) The advisory board shall be comprised of the following
4 members appointed by the Governor who shall serve at the pleasure
5 of the Governor.

6 (1) The Chief of the California 911 Emergency Communications
7 Office shall serve as the nonvoting chair of the board.

8 (2) One representative from the Department of the California
9 Highway Patrol.

10 (3) Two representatives on the recommendation of the California
11 Police Chiefs Association.

12 (4) Two representatives on the recommendation of the California
13 State Sheriffs' Association.

14 (5) Two representatives on the recommendation of the California
15 Fire Chiefs Association.

16 (6) Two representatives on the recommendation of the CalNENA
17 Executive Board.

18 (7) One representative on the joint recommendation of the
19 executive boards of the state chapters of the Association of
20 Public-Safety Communications Officials-International, Inc.

21 (c) Recommending authorities shall give great weight and
22 consideration to the knowledge, training, and expertise of the
23 appointee with respect to their experience within the California
24 911 system. Board members should have at least two years of
25 experience as a Public Safety Answering Point (PSAP) manager
26 or county coordinator, except where a specific person is designated
27 as a member.

28 (d) Members of the advisory board shall serve at the pleasure
29 of the Governor, but may not serve more than two consecutive
30 two-year terms, except as follows:

31 (1) The presiding Chief of the California 911 Emergency
32 Communications Office shall serve for the duration of his or her
33 tenure.

34 (2) Four of the members shall serve an initial term of three years.

35 (e) Advisory board members shall not receive compensation
36 for their service on the board, but may be reimbursed for travel
37 and per diem for time spent in attending meetings of the board.

38 (f) The advisory board shall meet quarterly in public sessions
39 in accordance with the Bagley-Keene Open Meeting Act (Article
40 9 (commencing with Section 11120) of Chapter 2 of Part 1 of

1 Division 3 of Title 2). The ~~division office~~ shall provide
2 administrative support to the State 911 Advisory Board. The State
3 911 Advisory Board, at its first meeting, shall adopt bylaws and
4 operating procedures consistent with this article and establish
5 committees as necessary.

6 (g) Notwithstanding any other provision of law, any member
7 of the advisory board may designate a person to act as that member
8 in his or her place and stead for all purposes, as though the member
9 were personally present.

10 *SEC. 97. Section 53115.2 of the Government Code is amended*
11 *to read:*

12 53115.2. (a) The State 911 Advisory Board shall advise the
13 ~~division office~~ on all of the following subjects:

14 (1) Policies, practices, and procedures for the California 911
15 Emergency Communications Office.

16 (2) Technical and operational standards for the California 911
17 system consistent with the National Emergency Number
18 Association (NENA) standards.

19 (3) Training standards for county coordinators and Public Safety
20 Answering Point (PSAP) managers.

21 (4) Budget, funding, and reimbursement decisions related to
22 the State Emergency Number Account.

23 (5) Proposed projects and studies conducted or funded by the
24 State Emergency Number Account.

25 (6) Expediting the rollout of Enhanced 911 Phase II technology.

26 (b) Upon request of a local public agency, the board shall
27 conduct a hearing on any conflict between a local public agency
28 and the ~~division office~~ regarding a final plan that has not been
29 approved by the ~~division office~~ pursuant to Section 53114. The
30 board shall meet within 30 days following the request, and shall
31 make a recommendation to resolve the conflict to the ~~division~~
32 ~~office~~ within 90 days following the initial hearing by the board
33 pursuant to the request.

34 *SEC. 98. Section 53115.3 of the Government Code is amended*
35 *to read:*

36 53115.3. When proposed implementation of the 911 system
37 by a single public agency within its jurisdiction may adversely
38 affect the implementation of the system by a neighboring public
39 agency or agencies, such neighboring public agency may request
40 that the ~~division office~~ evaluate the impact of implementation by

1 the proposing public agency and evaluate and weigh that impact
2 in its decision to approve or disapprove the proposing public
3 agency's final plan pursuant to Section 53115. In order to effectuate
4 this process, each city shall file a notice of filing of its final plan
5 with each adjacent city and with the county in which the proposing
6 public agency is located at the same time such final plan is filed
7 with the ~~division~~ office and each county shall file a notice of filing
8 of its final plan with each city within the county and each adjacent
9 county at the time the final plan is filed with the ~~division~~ office.
10 Any public agency wishing to request review pursuant to this
11 section shall file its request with the ~~division~~ office within 30 days
12 of filing of the final plan for which review is sought.

13 *SEC. 99. Section 53116 of the Government Code is amended*
14 *to read:*

15 53116. The Attorney General may, on behalf of the ~~division~~
16 office or on his or her own initiative, commence judicial
17 proceedings to enforce compliance by any public agency or public
18 utility providing telephone service with the provisions of this
19 article.

20 *SEC. 100. Section 53119 of the Government Code is amended*
21 *to read:*

22 53119. Any telephone corporation serving rural telephone areas
23 that cannot currently provide enhanced "911" emergency telephone
24 service capable of selective routing, automatic number
25 identification, or automatic location identification shall present to
26 the ~~division~~ office a comprehensive plan detailing a schedule by
27 which those facilities will be converted to be compatible with the
28 enhanced emergency telephone system.

29 *SEC. 101. Section 53120 of the Government Code is amended*
30 *to read:*

31 53120. The ~~division~~ office shall not delay implementation of
32 the enhanced "911" emergency telephone system in those portions
33 of cities or counties, or both, served by a local telephone
34 corporation that has equipment compatible with the enhanced
35 "911" emergency telephone system.

36 *SEC. 102. Section 53126.5 of the Government Code is amended*
37 *to read:*

38 53126.5. For purposes of this article, the following definitions
39 apply:

1 (a) “Local public agency” means a city, county, city and county,
2 and joint powers authority that provides a public safety answering
3 point (PSAP).

4 (b) “Nonemergency telephone system” means a system
5 structured to provide access to only public safety agencies such
6 as police and fire, or a system structured to provide access to public
7 safety agencies and to all other services provided by a local public
8 agency such as street maintenance and animal control.

9 (c) “Public Safety Communications ~~Division~~ Office” means
10 the Public Safety Communications ~~Division~~ Office within the
11 California Technology Agency. *Department of Technology.*

12 *SEC. 103. Section 53661 of the Government Code is amended*
13 *to read:*

14 53661. (a) The Commissioner of ~~Financial Institutions~~
15 *Business Oversight* shall act as Administrator of Local Agency
16 Security and shall be responsible for the administration of Sections
17 53638, 53651, 53651.2, 53651.4, 53651.6, 53652, 53654, 53655,
18 53656, 53657, 53658, 53659, 53660, 53661, 53663, 53664, 53665,
19 53666, and 53667.

20 (b) The administrator shall have the powers necessary or
21 convenient to administer and enforce the sections specified in
22 subdivision (a).

23 (c) (1) The administrator shall issue regulations consistent with
24 law as the administrator may deem necessary or advisable in
25 executing the powers, duties, and responsibilities assigned by this
26 article. The regulations may include regulations prescribing
27 standards for the valuation, marketability, and liquidity of the
28 eligible securities of the class described in subdivision (m) of
29 Section 53651, regulations prescribing procedures and
30 documentation for adding, withdrawing, substituting, and holding
31 pooled securities, and regulations prescribing the form, content,
32 and execution of any application, report, or other document called
33 for in any of the sections specified in subdivision (a) or in any
34 regulation or order issued under any of those sections.

35 (2) The administrator, for good cause, may waive any provision
36 of any regulation adopted pursuant to paragraph (1) or any order
37 issued under this article, where the provision is not necessary in
38 the public interest.

39 (d) The administrator may enter into any contracts or agreements
40 as may be necessary, including joint underwriting agreements, to

1 sell or liquidate eligible securities securing local agency deposits
2 in the event of the failure of the depository or if the depository
3 fails to pay all or part of the deposits of a local agency.

4 (e) The administrator shall require from every depository a
5 report certified by the agent of depository listing all securities, and
6 the market value thereof, which are securing local agency deposits
7 together with the total deposits then secured by the pool, to
8 determine whether there is compliance with Section 53652. These
9 reports may be required whenever deemed necessary by the
10 administrator, but shall be required at least four times each year
11 at the times designated by the Comptroller of the Currency for
12 reports from national banking associations. These reports shall be
13 filed in the office of the administrator by the depository within 20
14 business days of the date the administrator calls for the report.

15 (f) The administrator may have access to reports of examination
16 made by the Comptroller of the Currency insofar as the reports
17 relate to national banking association trust department activities
18 which are subject to this article.

19 (g) (1) The administrator shall require the immediate
20 substitution of an eligible security, where the substitution is
21 necessary for compliance with Section 53652, if (i) the
22 administrator determines that a security listed in Section 53651 is
23 not qualified to secure public deposits, or (ii) a treasurer, who has
24 deposits secured by the securities pool, provides written notice to
25 the administrator and the administrator confirms that a security in
26 the pool is not qualified to secure public deposits.

27 (2) The failure of a depository to substitute securities, where
28 the administrator has required the substitution, shall be reported
29 by the administrator promptly to those treasurers having money
30 on deposit in that depository and, in addition, shall be reported as
31 follows:

32 (A) When that depository is a national bank, to the Comptroller
33 of the Currency of the United States.

34 (B) When that depository is a state bank, to the Commissioner
35 of ~~Financial Institutions~~. *Business Oversight*.

36 (C) When that depository is a federal association, to the Office
37 of ~~Thrift Supervision~~. *the Comptroller of the Currency*.

38 (D) When that depository is a savings association, to the
39 Commissioner of ~~Financial Institutions~~. *Business Oversight*.

1 (E) When that depository is a federal credit union, to the
2 National Credit Union Administration.

3 (F) When that depository is a state credit union or a federally
4 insured industrial loan company, to the Commissioner of ~~Financial~~
5 ~~Institutions~~. *Business Oversight*.

6 (h) The administrator may require from each treasurer a
7 registration report and at appropriate times a report stating the
8 amount and location of each deposit together with other
9 information deemed necessary by the administrator for effective
10 operation of this article. The facts recited in any report from a
11 treasurer to the administrator are conclusively presumed to be true
12 for the single purpose of the administrator fulfilling responsibilities
13 assigned to him or her by this article and for no other purpose.

14 (i) (1) If, after notice and opportunity for hearing, the
15 administrator finds that any depository or agent of depository has
16 violated or is violating, or that there is reasonable cause to believe
17 that any depository or agent of depository is about to violate, any
18 of the sections specified in subdivision (a) or any regulation or
19 order issued under any of those sections, the administrator may
20 order the depository or agent of depository to cease and desist from
21 the violation or may by order suspend or revoke the authorization
22 of the agent of depository. The order may require the depository
23 or agent of depository to take affirmative action to correct any
24 condition resulting from the violation.

25 (2) (A) If the administrator makes any of the findings set forth
26 in paragraph (1) with respect to any depository or agent of
27 depository and, in addition, finds that the violation or the
28 continuation of the violation is likely to seriously prejudice the
29 interests of treasurers, the administrator may order the depository
30 or agent of depository to cease and desist from the violation or
31 may suspend or revoke the authorization of the agent of depository.
32 The order may require the depository or agent of depository to
33 take affirmative action to correct any condition resulting from the
34 violation.

35 (B) Within five business days after an order is issued under
36 subparagraph (A), the depository or agent of depository may file
37 with the administrator an application for a hearing on the order.
38 The administrator shall schedule a hearing at least 30 days, but
39 not more than 40 days, after receipt of an application for a hearing
40 or within a shorter or longer period of time agreed to by a

1 depository or an agent of depository. If the administrator fails to
2 schedule the hearing within the specified or agreed to time period,
3 the order shall be deemed rescinded. Within 30 days after the
4 hearing, the administrator shall affirm, modify, or rescind the order;
5 otherwise, the order shall be deemed rescinded. The right of a
6 depository or agent of depository to which an order is issued under
7 subparagraph (A) to petition for judicial review of the order shall
8 not be affected by the failure of the depository or agent of
9 depository to apply to the administrator for a hearing on the order
10 pursuant to this subparagraph.

11 (3) Whenever the administrator issues a cease and desist order
12 under paragraph (1) or (2), the administrator may in the order
13 restrict the right of the depository to withdraw securities from a
14 security pool; and, in that event, both the depository to which the
15 order is directed and the agent of depository which holds the
16 security pool shall comply with the restriction.

17 (4) In case the administrator issues an order under paragraph
18 (1) or (2) suspending or revoking the authorization of an agent of
19 depository, the administrator may order the agent of depository at
20 its own expense to transfer all pooled securities held by it to such
21 agent of depository as the administrator may designate in the order.
22 The agent of depository designated in the order shall accept and
23 hold the pooled securities in accordance with this article and
24 regulations and orders issued under this article.

25 (j) In the discretion of the administrator, whenever it appears
26 to the administrator that any person has violated or is violating, or
27 that there is reasonable cause to believe that any person is about
28 to violate, any of the sections specified in subdivision (a) or any
29 regulation or order issued thereunder, the administrator may bring
30 an action in the name of the people of the State of California in
31 the superior court to enjoin the violation or to enforce compliance
32 with those sections or any regulation or order issued thereunder.
33 Upon a proper showing a permanent or preliminary injunction,
34 restraining order, or writ of mandate shall be granted, and the court
35 may not require the administrator to post a bond.

36 (k) In addition to other remedies, the administrator shall have
37 the power and authority to impose the following sanctions for
38 noncompliance with the sections specified in subdivision (a) after
39 a hearing if requested by the party deemed in noncompliance. Any

1 fine assessed pursuant to this subdivision shall be paid within 30
2 days after receipt of the assessment.

3 (1) Assess against and collect from a depository a fine not to
4 exceed two hundred fifty dollars (\$250) for each day the depository
5 fails to maintain with the agent of depository securities as required
6 by Section 53652.

7 (2) Assess against and collect from a depository a fine not to
8 exceed one hundred dollars (\$100) for each day beyond the time
9 period specified in subdivision (b) of Section 53663 the depository
10 negligently or willfully fails to file in the office of the administrator
11 a written report required by that section.

12 (3) Assess against and collect from a depository a fine not to
13 exceed one hundred dollars (\$100) for each day beyond the time
14 period specified in subdivision (e) that a depository negligently or
15 willfully fails to file in the office of the administrator a written
16 report required by that subdivision.

17 (4) Assess and collect from an agent of depository a fine not to
18 exceed one hundred dollars (\$100) for each day the agent of
19 depository fails to comply with any of the applicable sections
20 specified in subdivision (a) or any applicable regulation or order
21 issued thereunder.

22 (l) (1) In the event that a depository or agent of depository fails
23 to pay a fine assessed by the administrator pursuant to subdivision
24 (k) within 30 days of receipt of the assessment, the administrator
25 may assess and collect an additional penalty of 5 percent of the
26 fine for each month or part thereof that the payment is delinquent.

27 (2) If a depository fails to pay the fines or penalties assessed by
28 the administrator, the administrator may notify local agency
29 treasurers with deposits in the depository.

30 (3) If an agent of depository fails to pay the fines or penalties
31 assessed by the administrator, the administrator may notify local
32 agency treasurers who have authorized the agent of depository as
33 provided in Sections 53649 and 53656, and may by order revoke
34 the authorization of the agent of depository as provided in
35 subdivision (i).

36 (m) The amendments to this section enacted by the Legislature
37 during the 1999–2000 Regular Session shall become operative on
38 January 1, 2001.

39 *SEC. 104. Section 65040.12 of the Government Code is*
40 *amended to read:*

1 65040.12. (a) The office shall be the coordinating agency in
2 state government for environmental justice programs.

3 (b) The director shall do all of the following:

4 (1) Consult with the Secretaries of ~~the California Environmental~~
5 ~~Protection Agency, the Resources Agency, Protection, National~~
6 ~~Resources, Transportation, and the Business, Transportation~~
7 ~~Consumer Services, and Housing Agency, Housing,~~ the Working
8 Group on Environmental Justice established pursuant to Section
9 ~~72002~~ 71113 of the Public Resources Code, any other appropriate
10 state agencies, and all other interested members of the public and
11 private sectors in this state.

12 (2) Coordinate the office's efforts and share information
13 regarding environmental justice programs with the Council on
14 Environmental Quality, the United States Environmental Protection
15 Agency, the General Accounting Office, the Office of Management
16 and Budget, and other federal agencies.

17 (3) Review and evaluate any information from federal agencies
18 that is obtained as a result of their respective regulatory activities
19 under federal Executive Order 12898, and from the Working Group
20 on Environmental Justice established pursuant to Section ~~72002~~
21 71113 of the Public Resources Code.

22 (c) When it adopts its next edition of the general plan guidelines
23 pursuant to Section 65040.2, but in no case later than July 1, 2003,
24 the office shall include guidelines for addressing environmental
25 justice matters in city and county general plans. The office shall
26 hold at least one public hearing prior to the release of any draft
27 guidelines, and at least one public hearing after the release of the
28 draft guidelines. The hearings may be held at the regular meetings
29 of the Planning Advisory and Assistance Council.

30 (d) The guidelines developed by the office pursuant to
31 subdivision (c) shall recommend provisions for general plans to
32 do all of the following:

33 (1) Propose methods for planning for the equitable distribution
34 of new public facilities and services that increase and enhance
35 community quality of life throughout the community, given the
36 fiscal and legal constraints that restrict the siting of these facilities.

37 (2) Propose methods for providing for the location, if any, of
38 industrial facilities and uses that, even with the best available
39 technology, will contain or produce material that, because of its
40 quantity, concentration, or physical or chemical characteristics,

1 poses a significant hazard to human health and safety, in a manner
2 that seeks to avoid over-concentrating these uses in proximity to
3 schools or residential dwellings.

4 (3) Propose methods for providing for the location of new
5 schools and residential dwellings in a manner that seeks to avoid
6 locating these uses in proximity to industrial facilities and uses
7 that will contain or produce material that because of its quantity,
8 concentration, or physical or chemical characteristics, poses a
9 significant hazard to human health and safety.

10 (4) Propose methods for promoting more livable communities
11 by expanding opportunities for transit-oriented development so
12 that residents minimize traffic and pollution impacts from traveling
13 for purposes of work, shopping, schools, and recreation.

14 (e) For the purposes of this section, “environmental justice”
15 means the fair treatment of people of all races, cultures, and
16 incomes with respect to the development, adoption,
17 implementation, and enforcement of environmental laws,
18 regulations, and policies.

19 *SEC. 105. Section 71.4 of the Harbors and Navigation Code*
20 *is amended to read:*

21 71.4. (a) (1) ~~The department,~~ *division*, subject to the approval
22 of the Legislature in accordance with Section 85.2, may make
23 loans to qualified cities, counties, or districts having power to
24 acquire, construct, and operate small craft harbors, for the design,
25 planning, acquisition, construction, improvement, maintenance,
26 or operation of small craft harbors and facilities in connection with
27 the harbors, and connecting waterways, if ~~the department~~ *division*
28 finds that the project is feasible.

29 (2) The minimum annual rate of interest charged by the
30 ~~department~~ *division* for a loan shall be set annually by the
31 ~~commission~~ *division* and shall be based on the Pooled Money
32 Investment Account interest rate.

33 (b) ~~The department~~ *division* shall establish, by rules and
34 regulations, policies and standards to be followed in making loans
35 pursuant to this section so as to further the proper development
36 and maintenance of a statewide system of small craft harbors and
37 connecting waterways. To the greatest extent possible, the
38 ~~department~~ *division* shall adhere to customary commercial practices
39 to ensure that loans made pursuant to this section are adequately
40 secured and that the loans are repaid consistent with the terms of

1 the loan agreement. Any rules and regulations shall include policies
2 and standards for restrooms, vessel pumpout facilities, oil recycling
3 facilities, and receptacles for the purpose of separating, reusing,
4 or recycling all solid waste materials.

5 (c) The ~~department~~ *division* shall develop weighing and ranking
6 criteria to qualify and prioritize the public loans.

7 (d) A loan under this section shall be repaid as provided in
8 Section 70.

9 (e) Rates to be charged for the use of the boating facilities shall
10 be established by the city, county, or district, subject to the approval
11 of the ~~department~~, *division*, in every loan contract. The ~~department~~
12 *division* shall concern itself with the rates charged only as
13 prescribed in Section 71.8. The rates set shall be based on a
14 monthly berthing charge, and the ~~department~~ *division* shall monitor
15 these rates to ensure that the berthing charges are sufficient to
16 ensure timely and complete repayment of the loan.

17 (f) The ~~department~~ *division* shall submit any project for which
18 it recommends any loan be made to the Governor for inclusion in
19 the Budget Bill.

20 (g) The ~~department~~ *division* may restate an existing loan under
21 this article, upon written request by the ~~borrower~~, and upon
22 ~~approval by the commission~~. *borrower*.

23 *SEC. 106. Section 71.7 of the Harbors and Navigation Code*
24 *is amended to read:*

25 71.7. Notwithstanding any other provision of this chapter,
26 Section 82, or any contract or agreement to the contrary, loan
27 payments on the loan on behalf of Spud Point Marina in the County
28 of Sonoma, as authorized by Schedule (b)(8) of Item 3680-101-516
29 of Section 2.00 of the Budget Act of 1982, and administered by
30 the ~~department~~, *division*, may be renegotiated by the ~~department~~
31 *division* and the County of Sonoma, ~~with the advice and consent~~
32 ~~of the commission~~, to solve the fiscal problems involving the
33 marina existing on the effective date of this section as enacted
34 during the 1994 portion of the 1993–94 Regular Session.

35 *SEC. 107. Section 72.6 of the Harbors and Navigation Code*
36 *is amended to read:*

37 72.6. Transfers pursuant to Section 70, loans pursuant to
38 Section 71.4, and grants pursuant to Section 72.5 shall be made
39 by the ~~department~~ *division* with the advice ~~and consent~~ of the
40 commission.

1 *SEC. 108. Section 76.5 of the Harbors and Navigation Code*
2 *is amended to read:*

3 76.5. In processing applications under this article, the
4 ~~department~~ *division* shall give priority to applications from
5 qualified private marina owners who have not received previous
6 loans from the department. If the department finds a proposed loan
7 project is feasible, the loan request shall be submitted to the
8 commission for its ~~advice and consent~~ *advice*.

9 *SEC. 109. Section 76.6 of the Harbors and Navigation Code*
10 *is amended to read:*

11 76.6. Loans made under this article shall include, but are not
12 limited to, the following terms and conditions:

13 (a) The minimum annual rate of interest charged by the
14 ~~department~~ *division* for a loan shall be set annually by the
15 ~~commission~~ *division* and shall be a rate equal to 1 percent per
16 annum plus the prime or base rate of interest.

17 (b) The ~~department~~ *division* shall require collateral in a
18 minimum amount of 110 percent of the loan.

19 (c) The repayment period of a loan shall not exceed 20 years,
20 or be longer than the length of the borrower's leasehold estate,
21 including renewal options, if the loan is based upon a leasehold
22 estate of the borrower.

23 (d) All loans shall amortize the principal over the term of the
24 loan. However, a loan shall become due and payable in full if the
25 borrower sells or otherwise transfers the recreational marina
26 developed with ~~departmental~~ *divisional* funds, unless the transfer
27 is, by reason of the death of the borrower, to the borrower's heirs.

28 (e) The ~~department's~~ *division's* loans shall not be subordinated
29 to any future loans obtained by a private marina owner, except in
30 those cases involving loans acquired for refinancing previous senior
31 loans.

32 (f) The ~~department~~ *division* may allow assumption of loans from
33 the original borrower by future parties, subject to completion of
34 the application process and upon approval by the ~~department and~~
35 ~~the commission~~ *division*.

36 (g) The ~~department~~ *division* may, upon written request by the
37 borrower, ~~and upon the approval of the commission~~, restate an
38 existing loan.

1 *SEC. 110. Section 82 of the Harbors and Navigation Code, as*
2 *added by Section 2 of Chapter 136 of the Statutes of 2012, is*
3 *amended to read:*

4 82. The division, consistent with Section 82.3, and in
5 furtherance of the public interest and in accordance therewith, shall
6 have only the following duties with respect to the commission:

7 (a) To submit any proposed changes in regulations pertaining
8 to boating functions and responsibilities of the division to the
9 commission for its advice and comment prior to enactment of
10 changes.

11 (b) To submit proposals for transfers pursuant to Section 70,
12 loans pursuant to Section 71.4 or 76.3, and grants pursuant to
13 Section 72.5 to the commission for its advice and comment.

14 (c) To submit any proposed project *for which it is considering*
15 ~~approving~~ *making a determination of eligibility for funding from*
16 *the Harbors and Watercraft Revolving Fund* to the commission if
17 that project could have a potentially significant impact on either
18 public health or safety, public access, or the environment for the
19 commission's advice and comment prior to ~~approval by the~~
20 ~~division~~ *making that determination.*

21 (d) To annually submit a report on its budget and expenditures
22 to the commission for its advice and comment.

23 (e) To cause studies and surveys to be made of the need for
24 small craft harbors and connecting waterways throughout the state
25 and the most suitable sites therefore, and submit those studies and
26 surveys to the commission for advice and comment.

27 *SEC. 111. Section 82.3 of the Harbors and Navigation Code*
28 *is amended to read:*

29 82.3. The commission shall have the following particular duties
30 and responsibilities:

31 (a) To be fully informed regarding all governmental activities
32 affecting programs administered by the division.

33 (b) To meet at least four times per year at various locations
34 throughout the state to receive comments on the implementation
35 of the programs administered by the division and establish an
36 annual calendar of proposed meetings at the beginning of each
37 calendar year. The meetings shall include a public meeting, before
38 the beginning of each *funding cycle of a loan and grant program*
39 ~~eyele~~, *funded from the Harbors and Watercraft Revolving Fund*,
40 to collect public input concerning the program, recommendations

1 for program improvements, and specific project needs for the
2 system.

3 (c) To hold a public hearing to receive public comment regarding
4 any proposed project subject to subdivision (c) of Section 82 at a
5 location in close geographic proximity to the proposed project,
6 unless a hearing consistent with federal law or regulation has
7 already been held regarding the project.

8 (d) To consider, upon the request of any owner or tenant whose
9 property is in the vicinity of any proposed project subject to
10 subdivision (c) of Section 82, any alleged adverse impacts
11 occurring on that person's property from activities undertaken
12 pursuant to this code, and recommend to the division suitable
13 measures for the prevention of any adverse impacts determined
14 by the commission to be occurring, and suitable measures for the
15 restoration of adversely impacted property.

16 (e) To review and comment annually to the division on the
17 proposed budget of expenditures from the revolving fund.

18 (f) To review all ~~plans proposals for new and expanded~~ local
19 and regional waterways, piers, harbors, docks, or other recreational
20 areas that have applied for grant or loan funds from the division
21 prior to ~~approval~~ *a final determination of eligibility* by the division.

22 (g) (1) With support and assistance from the division, to prepare
23 and submit a program report to the Governor, the Assembly
24 Committee on Water, Parks and Wildlife, the Senate Committee
25 on Natural Resources and Water, the Senate Committee on
26 Appropriations, and the Assembly Committee on Appropriations
27 on or before January 1, 2013, and every three years thereafter. The
28 report shall be adopted by the commission after discussing the
29 contents during two or more public meetings. The report shall
30 address the status of any regulations adopted or being considered
31 by the ~~division~~, *division* and any loan or grant that has been or is
32 being considered for ~~approval~~ *a determination of eligibility* by the
33 division pending the previous report, and a summary of resource
34 monitoring data compiled and restoration work completed. *report*.

35 (2) A report required to be submitted pursuant to paragraph (1)
36 shall be submitted in compliance with Section 9795 of the
37 Government Code.

38 *SEC. 112. Section 40448.6 of the Health and Safety Code is*
39 *amended to read:*

1 40448.6. The Legislature hereby finds and declares all of the
2 following:

3 (a) It is necessary to increase the availability of financial
4 assistance to small businesses that are subject to the rules and
5 regulations of the south coast district, in order to minimize
6 economic dislocation and adverse socioeconomic impacts.

7 (b) It is in the public interest that a portion of the funds collected
8 by the south coast district from violators of air pollution regulations
9 be allocated for the purpose of guaranteeing or otherwise reducing
10 the financial risks of providing financial assistance to small
11 businesses which face increased borrowing requirements in order
12 to comply with air pollution control requirements.

13 (c) Public agencies and private lenders have a variety of methods
14 available for providing financing assistance to small businesses
15 and other employers, including taxable bonds, composite or pooled
16 financing instruments, loan guarantees, and credit insurance, which
17 could be utilized in combination with the penalties collected by
18 the south coast district to expand the availability and reduce the
19 cost of financing assistance.

20 (d) The California Pollution Control Financing Authority has
21 funds set aside from previous bond issues, which could be used to
22 guarantee the issuance of bonds or other financing for small
23 businesses for the purchase and installation of pollution control
24 equipment.

25 (e) ~~The Business, Transportation and Housing Agency~~ *Governor's Office of Business*
26 ~~and Housing Agency~~ *Economic Development*, through the small
27 business financial development corporations established pursuant
28 to Chapter 1 (commencing with Section 14000) of Part 5 of
29 Division 3 of Title 1 of the Corporations Code, has the ability to
30 provide state loan guarantees and technical assistance to small
31 businesses needing financial assistance.

32 (f) The Job Training Partnership Division of the Employment
33 Development Department makes funds available for job training
34 programs, including funds for dislocated workers, through the
35 federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.).

36 (g) It is the policy of the state that the Job Training Partnership
37 Division of the Employment Development Department, in
38 cooperation with the districts and the state board, are encouraged
39 to provide job training programs for workers who, as determined
40 by the department or the local private industry council, have been

1 laid off or dislocated as a result of actions resulting from air quality
2 regulations.

3 (h) It is the policy of the state that the California Pollution
4 Control Financing Authority and other state agencies implementing
5 small business assistance programs, in cooperation with the districts
6 and the state board, are encouraged to provide technical and
7 financial assistance to small businesses to facilitate compliance
8 with air quality regulations.

9 *SEC. 113. Section 44272 of the Health and Safety Code is*
10 *amended to read:*

11 44272. (a) The Alternative and Renewable Fuel and Vehicle
12 Technology Program is hereby created. The program shall be
13 administered by the commission. The commission shall implement
14 the program by regulation pursuant to the requirements of Chapter
15 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
16 Title 2 of the Government Code. The program shall provide, upon
17 appropriation by the Legislature, competitive grants, revolving
18 loans, loan guarantees, loans, or other appropriate funding
19 measures, to public agencies, vehicle and technology entities,
20 businesses and projects, public-private partnerships, workforce
21 training partnerships and collaboratives, fleet owners, consumers,
22 recreational boaters, and academic institutions to develop and
23 deploy innovative technologies that transform California's fuel
24 and vehicle types to help attain the state's climate change policies.
25 The emphasis of this program shall be to develop and deploy
26 technology and alternative and renewable fuels in the marketplace,
27 without adopting any one preferred fuel or technology.

28 (b) A project that receives more than seventy-five thousand
29 dollars (\$75,000) in funds from the commission shall be approved
30 at a noticed public meeting of the commission and shall be
31 consistent with the priorities established by the investment plan
32 adopted pursuant to Section 44272.5. Under this article, the
33 commission may delegate to the commission's executive director,
34 or his or her designee, the authority to approve either of the
35 following:

36 (1) A contract, grant, loan, or other agreement or award that
37 receives seventy-five thousand dollars (\$75,000) or less in funds
38 from the commission.

39 (2) Amendments to a contract, grant, loan, or other agreement
40 or award as long as the amendments do not increase the amount

1 of the award, change the scope of the project, or modify the purpose
2 of the agreement.

3 (c) The commission shall provide preferences to those projects
4 that maximize the goals of the Alternative and Renewable Fuel
5 and Vehicle Technology Program, based on the following criteria,
6 as applicable:

7 (1) The project's ability to provide a measurable transition from
8 the nearly exclusive use of petroleum fuels to a diverse portfolio
9 of viable alternative fuels that meet petroleum reduction and
10 alternative fuel use goals.

11 (2) The project's consistency with existing and future state
12 climate change policy and low-carbon fuel standards.

13 (3) The project's ability to reduce criteria air pollutants and air
14 toxics and reduce or avoid multimedia environmental impacts.

15 (4) The project's ability to decrease, on a life cycle basis, the
16 discharge of water pollutants or any other substances known to
17 damage human health or the environment, in comparison to the
18 production and use of California Phase 2 Reformulated Gasoline
19 or diesel fuel produced and sold pursuant to California diesel fuel
20 regulations set forth in Article 2 (commencing with Section 2280)
21 of Chapter 5 of Division 3 of Title 13 of the California Code of
22 Regulations.

23 (5) The project does not adversely impact the sustainability of
24 the state's natural resources, especially state and federal lands.

25 (6) The project provides nonstate matching funds. Costs incurred
26 from the date a proposed award is noticed may be counted as
27 nonstate matching funds. The commission may adopt further
28 requirements for the purposes of this paragraph. The commission
29 is not liable for costs incurred pursuant to this paragraph if the
30 commission does not give final approval for the project or the
31 proposed recipient does not meet requirements adopted by the
32 commission pursuant to this paragraph.

33 (7) The project provides economic benefits for California by
34 promoting California-based technology firms, jobs, and businesses.

35 (8) The project uses existing or proposed fueling infrastructure
36 to maximize the outcome of the project.

37 (9) The project's ability to reduce on a life cycle assessment
38 greenhouse gas emissions by at least 10 percent, and higher
39 percentages in the future, from current reformulated gasoline and
40 diesel fuel standards established by the state board.

1 (10) The project's use of alternative fuel blends of at least 20
2 percent, and higher blend ratios in the future, with a preference
3 for projects with higher blends.

4 (11) The project drives new technology advancement for
5 vehicles, vessels, engines, and other equipment, and promotes the
6 deployment of that technology in the marketplace.

7 (d) Only the following shall be eligible for funding:

8 (1) Alternative and renewable fuel projects to develop and
9 improve alternative and renewable low-carbon fuels, including
10 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,
11 hydrogen, and biomethane, among others, and their feedstocks
12 that have high potential for long-term or short-term
13 commercialization, including projects that lead to sustainable
14 feedstocks.

15 (2) Demonstration and deployment projects that optimize
16 alternative and renewable fuels for existing and developing engine
17 technologies.

18 (3) Projects to produce alternative and renewable low-carbon
19 fuels in California.

20 (4) Projects to decrease the overall impact of an alternative and
21 renewable fuel's life cycle carbon footprint and increase
22 sustainability.

23 (5) Alternative and renewable fuel infrastructure, fueling
24 stations, and equipment. The preference in paragraph (10) of
25 subdivision (c) shall not apply to renewable diesel or biodiesel
26 infrastructure, fueling stations, and equipment used solely for
27 renewable diesel or biodiesel fuel.

28 (6) Projects to develop and improve light-, medium-, and
29 heavy-duty vehicle technologies that provide for better fuel
30 efficiency and lower greenhouse gas emissions, alternative fuel
31 usage and storage, or emission reductions, including propulsion
32 systems, advanced internal combustion engines with a 40 percent
33 or better efficiency level over the current market standard,
34 light-weight materials, energy storage, control systems and system
35 integration, physical measurement and metering systems and
36 software, development of design standards and testing and
37 certification protocols, battery recycling and reuse, engine and fuel
38 optimization electronic and electrified components, hybrid
39 technology, plug-in hybrid technology, battery electric vehicle
40 technology, fuel cell technology, and conversions of hybrid

1 technology to plug-in technology through the installation of safety
2 certified supplemental battery modules.

3 (7) Programs and projects that accelerate the commercialization
4 of vehicles and alternative and renewable fuels including buy-down
5 programs through near-market and market-path deployments,
6 advanced technology warranty or replacement insurance,
7 development of market niches, supply-chain development, and
8 research related to the pedestrian safety impacts of vehicle
9 technologies and alternative and renewable fuels.

10 (8) Programs and projects to retrofit medium- and heavy-duty
11 on-road and nonroad vehicle fleets with technologies that create
12 higher fuel efficiencies, including alternative and renewable fuel
13 vehicles and technologies, idle management technology, and
14 aerodynamic retrofits that decrease fuel consumption.

15 (9) Infrastructure projects that promote alternative and renewable
16 fuel infrastructure development connected with existing fleets,
17 public transit, and existing transportation corridors, including
18 physical measurement or metering equipment and truck stop
19 electrification.

20 (10) Workforce training programs related to alternative and
21 renewable fuel feedstock production and extraction, renewable
22 fuel production, distribution, transport, and storage,
23 high-performance and low-emission vehicle technology and high
24 tower electronics, automotive computer systems, mass transit fleet
25 conversion, servicing, and maintenance, and other sectors or
26 occupations related to the purposes of this chapter.

27 (11) Block grants or incentive programs administered by public
28 entities or not-for-profit technology entities for multiple projects,
29 education and program promotion within California, and
30 development of alternative and renewable fuel and vehicle
31 technology centers. The commission may adopt guidelines for
32 implementing the block grant or incentive program, which shall
33 be approved at a noticed public meeting of the commission.

34 (12) Life cycle and multimedia analyses, sustainability and
35 environmental impact evaluations, and market, financial, and
36 technology assessments performed by a state agency to determine
37 the impacts of increasing the use of low-carbon transportation fuels
38 and technologies, and to assist in the preparation of the investment
39 plan and program implementation.

1 (13) A program to provide funding for homeowners who
2 purchase a plug-in electric vehicle to offset costs associated with
3 modifying electrical sources to include a residential plug-in electric
4 vehicle charging station. In establishing this program, the
5 commission shall consider funding criteria to maximize the public
6 benefit of the program.

7 (e) The commission may make a single source or sole source
8 award pursuant to this section for applied research. The same
9 requirements set forth in Section 25620.5 of the Public Resources
10 Code shall apply to awards made on a single source basis or a sole
11 source basis. This subdivision does not authorize the commission
12 to make a single source or sole source award for a project or
13 activity other than for applied research.

14 (f) The commission may do all of the following:

15 (1) Contract with the Treasurer to expend funds through
16 programs implemented by the Treasurer, if the expenditure is
17 consistent with all of the requirements of this article and Article
18 1 (commencing with Section 44270).

19 (2) Contract with small business financial development
20 corporations established by the ~~Business, Transportation~~
21 *Governor's Office of Business and Housing Agency Economic*
22 *Development* to expend funds through the Small Business Loan
23 Guarantee Program if the expenditure is consistent with all of the
24 requirements of this article and Article 1 (commencing with Section
25 44270).

26 (3) Advance funds, pursuant to an agreement with the
27 commission, to any of the following:

28 (A) A public entity.

29 (B) A recipient to enable it to make advance payments to a
30 public entity that is a subrecipient of the funds and under a binding
31 and enforceable subagreement with the recipient.

32 (C) An administrator of a block grant program.

33 *SEC. 114. Section 326.3 of the Penal Code is amended to read:*
34 326.3. (a) The Legislature finds and declares all of the
35 following:

36 (1) Nonprofit organizations provide important and essential
37 educational, philanthropic, and social services to the people of the
38 State of California.

39 (2) One of the great strengths of California is a vibrant nonprofit
40 sector.

1 (3) Nonprofit and philanthropic organizations touch the lives
2 of every Californian through service and employment.

3 (4) Many of these services would not be available if nonprofit
4 organizations did not provide them.

5 (5) There is a need to provide methods of fundraising to
6 nonprofit organizations to enable them to provide these essential
7 services.

8 (6) Historically, many nonprofit organizations have used
9 charitable bingo as one of their key fundraising strategies to
10 promote the mission of the charity.

11 (7) Legislation is needed to provide greater revenues for
12 nonprofit organizations to enable them to fulfill their charitable
13 purposes, and especially to meet their increasing social service
14 obligations.

15 (8) Legislation is also needed to clarify that existing law requires
16 that all charitable bingo must be played using a tangible card and
17 that the only permissible electronic devices to be used by charitable
18 bingo players are card-minding devices.

19 (b) Neither the prohibition on gambling in this chapter nor in
20 Chapter 10 (commencing with Section 330) applies to any remote
21 caller bingo game that is played or conducted in a city, county, or
22 city and county pursuant to an ordinance enacted under Section
23 19 of Article IV of the California Constitution, if the ordinance
24 allows a remote caller bingo game to be played or conducted only
25 in accordance with this section, including the following
26 requirements:

27 (1) The game may be conducted only by the following
28 organizations:

29 (A) An organization that is exempted from the payment of the
30 taxes imposed under the Corporation Tax Law by Section 23701a,
31 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or
32 23701w of the Revenue and Taxation Code.

33 (B) A mobilehome park association.

34 (C) A senior citizens organization.

35 (D) Charitable organizations affiliated with a school district.

36 (2) The organization conducting the game shall have been
37 incorporated or in existence for three years or more.

38 (3) The organization conducting the game shall be licensed
39 pursuant to subdivision (I) of Section 326.5.

1 (4) The receipts of the game shall be used only for charitable
2 purposes. The organization conducting the game shall determine
3 the disbursement of the net receipts of the game.

4 (5) The operation of bingo may not be the primary purpose for
5 which the organization is organized.

6 (c) (1) A city, county, or city and county may adopt an
7 ordinance in substantially the following form to authorize remote
8 caller bingo in accordance with the requirements of subdivision
9 (b):

10
11 Sec. __.01. Legislative Authorization.

12 This chapter is adopted pursuant to Section 19 of Article IV of
13 the California Constitution, as implemented by Sections 326.3 and
14 326.4 of the Penal Code.

15 Sec. __.02. Remote Caller Bingo Authorized.

16 Remote Caller Bingo may be lawfully played in the [City,
17 County, or City and County] pursuant to the provisions of Sections
18 326.3 and 326.4 of the Penal Code, and this chapter, and not
19 otherwise.

20 Sec. __.03. Qualified Applicants: Applicants for Licensure.

21 (a) The following organizations are qualified to apply to the
22 License Official for a license to operate a bingo game if the receipts
23 of those games are used only for charitable purposes:

24 (1) An organization exempt from the payment of the taxes
25 imposed under the Corporation Tax Law by Section 23701a,
26 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or
27 23701w of the Revenue and Taxation Code.

28 (2) A mobile home park association of a mobile home park that
29 is situated in the [City, County, or City and County].

30 (3) Senior citizen organizations.

31 (4) Charitable organizations affiliated with a school district.

32 (b) The application shall be in a form prescribed by the License
33 Official and shall be accompanied by a nonrefundable filing fee
34 in an amount determined by resolution of the [Governing Body of
35 the City, County, or City and County] from time to time. The
36 following documentation shall be attached to the application, as
37 applicable:

38 (1) A certificate issued by the Franchise Tax Board certifying
39 that the applicant is exempt from the payment of the taxes imposed
40 under the Corporation Tax Law pursuant to Section 23701a,

1 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or
2 23701w of the Revenue and Taxation Code. In lieu of a certificate
3 issued by the Franchise Tax Board, the License Official may refer
4 to the Franchise Tax Board's Internet Web site to verify that the
5 applicant is exempt from the payment of the taxes imposed under
6 the Corporation Tax Law.

7 (2) Other evidence as the License Official determines is
8 necessary to verify that the applicant is a duly organized mobile
9 home park association of a mobile home park situated in the [City,
10 County, or City and County].

11 Sec. __.04. License Application: Verification.

12 The license shall not be issued until the License Official has
13 verified the facts stated in the application and determined that the
14 applicant is qualified.

15 Sec. __.05. Annual Licenses.

16 A license issued pursuant to this chapter shall be valid until the
17 end of the calendar year, at which time the license shall expire. A
18 new license shall only be obtained upon filing a new application
19 and payment of the license fee. The fact that a license has been
20 issued to an applicant creates no vested right on the part of the
21 licensee to continue to offer bingo for play. The [Governing Body
22 of the City, County, or City and County] expressly reserves the
23 right to amend or repeal this chapter at any time by resolution. If
24 this chapter is repealed, all licenses issued pursuant to this chapter
25 shall cease to be effective for any purpose on the effective date of
26 the repealing resolution.

27 Sec. __.06. Conditions of Licensure.

28 (a) Any license issued pursuant to this chapter shall be subject
29 to the conditions contained in Sections 326.3 and 326.4 of the
30 Penal Code, and each licensee shall comply with the requirements
31 of those provisions.

32 (b) Each license issued pursuant to this chapter shall be subject
33 to the following additional conditions:

34 (1) Bingo games shall not be conducted by any licensee on more
35 than two days during any week, except that a licensee may hold
36 one additional game, at its election, in each calendar quarter.

37 (2) The licensed organization is responsible for ensuring that
38 the conditions of this chapter and Sections 326.3 and 326.4 of the
39 Penal Code are complied with by the organization and its officers
40 and members. A violation of any one or more of those conditions

1 or provisions shall constitute cause for the revocation of the
2 organization's license. At the request of the organization, the
3 [Governing Body of the City, County, or City and County] shall
4 hold a public hearing before revoking any license issued pursuant
5 to this chapter.

6
7 ~~(2)~~

8 ~~(3) Nothing in this~~ This section shall *not* require a city, county,
9 or city and county to use this model ordinance in order to authorize
10 remote caller bingo.

11 ~~(d)~~

12 (c) It is a misdemeanor for any person to receive or pay a profit,
13 wage, or salary from any remote caller bingo game, provided that
14 administrative, managerial, technical, financial, and security
15 personnel employed by the organization conducting the bingo
16 game may be paid reasonable fees for services rendered from the
17 revenues of bingo games, as provided in subdivision (m), except
18 that fees paid under those agreements shall not be determined as
19 a percentage of receipts or other revenues from, or be dependant
20 on the outcome of, the game.

21 ~~(e)~~

22 (d) A violation of subdivision (d) shall be punishable by a fine
23 not to exceed ten thousand dollars (\$10,000), which fine shall be
24 deposited in the general fund of the city, county, or city and county
25 that enacted the ordinance authorizing the remote caller bingo
26 game. A violation of any provision of this section, other than
27 subdivision (d), is a misdemeanor.

28 ~~(f)~~

29 (e) The city, county, or city and county that enacted the
30 ordinance authorizing the remote caller bingo game, or the Attorney
31 General, may bring an action to enjoin a violation of this section.

32 ~~(g)~~

33 (f) No minors shall be allowed to participate in any remote caller
34 bingo game.

35 ~~(h)~~

36 (g) A remote caller bingo game shall not include any site that
37 is not located within this state.

38 ~~(i)~~

39 (h) An organization authorized to conduct a remote caller bingo
40 game pursuant to subdivision (b) shall conduct the game only on

1 property that is owned or leased by the organization, or the use of
2 which is donated to the organization. ~~Nothing in this~~ *This*
3 subdivision shall *not* be construed to require that the property that
4 is owned or leased by, or the use of which is donated to, the
5 organization be used or leased exclusively by, or donated
6 exclusively to, that organization.

7 (j)

8 (i) (1) All remote caller bingo games shall be open to the public,
9 not just to the members of the authorized organization.

10 (2) No more than 750 players may participate in a remote caller
11 bingo game in a single location.

12 (3) If the Governor of California or the President of the United
13 States declares a state of emergency in response to a natural disaster
14 or other public catastrophe occurring in California, an organization
15 authorized to conduct remote caller bingo games may, while that
16 declaration is in effect, conduct a remote caller bingo game
17 pursuant to this section with more than 750 participants in a single
18 venue if the net proceeds of the game, after deduction of prizes
19 and overhead expenses, are donated to or expended exclusively
20 for the relief of the victims of the disaster or catastrophe, and the
21 organization gives the California Gambling Control Commission
22 at least 10 days' written notice of the intent to conduct that game.

23 (4) An organization authorized to conduct remote caller bingo
24 games shall provide the ~~commission~~ *department* with at least 30
25 days' advance written notice of its intent to conduct a remote caller
26 bingo game. That notice shall include all of the following:

27 (A) The legal name of the organization and the address of record
28 of the agent upon whom legal notice may be served.

29 (B) The locations of the caller and remote players, whether the
30 property is owned by the organization or donated, and if donated,
31 by whom.

32 (C) The name of the licensed caller and site manager.

33 (D) The names of administrative, managerial, technical,
34 financial, and security personnel employed.

35 (E) The name of the vendor and any person or entity maintaining
36 the equipment used to operate and transmit the game.

37 (F) The name of the person designated as having a fiduciary
38 responsibility for the game pursuant to paragraph (2) of subdivision
39 (k).

1 (G) The license numbers of all persons specified in
2 subparagraphs (A) to (F), inclusive, who are required to be licensed.

3 (H) A copy of the local ordinance for any city, county, or city
4 and county in which the game will be played. The ~~commission~~
5 *department* shall post the ordinance on its Internet Web site.

6 ~~(k)~~

7 (j) (1) A remote caller bingo game shall be operated and staffed
8 only by members of the authorized organization that organized it.
9 Those members shall not receive a profit, wage, or salary from
10 any remote caller bingo game. Only the organization authorized
11 to conduct a remote caller bingo game shall operate that game, or
12 participate in the promotion, supervision, or any other phase of a
13 remote caller bingo game. Subject to the provisions of subdivision
14 (m), this subdivision shall not preclude the employment of
15 administrative, managerial, technical, financial, or security
16 personnel who are not members of the authorized organization at
17 a location participating in the remote caller bingo game by the
18 organization conducting the game. Notwithstanding any other
19 provision of law, exclusive or other agreements between the
20 authorized organization and other entities or persons to provide
21 services in the administration, management, or conduct of the game
22 shall not be considered a violation of the prohibition against
23 holding a legally cognizable financial interest in the conduct of
24 the remote caller bingo game by persons or entities other than the
25 charitable organization, or other entity authorized to conduct the
26 remote caller bingo games, provided that those persons or entities
27 obtain the gambling licenses, the key employee licenses, or the
28 work permits required by, and otherwise comply with, Chapter 5
29 (commencing with Section 19800) of Division 8 of the Business
30 and Professions Code. Fees to be paid under any such agreements
31 shall be reasonable and shall not be determined as a percentage of
32 receipts or other revenues from, or be dependent on the outcome
33 of, the game.

34 (2) An organization that conducts a remote caller bingo game
35 shall designate a person as having fiduciary responsibility for the
36 game.

37 ~~(l)~~

38 (k) No individual, corporation, partnership, or other legal entity,
39 except the organization authorized to conduct or participate in a

1 remote caller bingo game, shall hold a legally cognizable financial
2 interest in the conduct of such a game.

3 ~~(m)~~

4 (l) An organization authorized to conduct a remote caller bingo
5 game pursuant to this section shall not have overhead costs
6 exceeding 20 percent of gross sales, except that the limitations of
7 this section shall not apply to one-time, nonrecurring capital
8 acquisitions. For purposes of this subdivision, “overhead costs”
9 includes, but is not limited to, amounts paid for rent and equipment
10 leasing and the reasonable fees authorized to be paid to
11 administrative, managerial, technical, financial, and security
12 personnel employed by the organization pursuant to subdivision
13 (d). For the purpose of keeping its overhead costs below 20 percent
14 of gross sales, an authorized organization may elect to deduct all
15 or a portion of the fees paid to financial institutions for the use and
16 processing of credit card sales from the amount of gross revenues
17 awarded for prizes. In that case, the redirected fees for the use and
18 processing of credit card sales shall not be included in “overhead
19 costs” as defined in the California Remote Caller Bingo Act.
20 Additionally, fees paid to financial institutions for the use and
21 processing of credit card sales shall not be deducted from the
22 proceeds retained by the charitable organization.

23 ~~(n) No~~

24 (m) A person shall *not* be allowed to participate in a remote
25 caller bingo game unless the person is physically present at the
26 time and place where the remote caller bingo game is being
27 conducted. A person shall be deemed to be physically present at
28 the place where the remote caller bingo game is being conducted
29 if he or she is present at any of the locations participating in the
30 remote caller bingo game in accordance with this section.

31 ~~(o)~~

32 (n) (1) An organization shall not cosponsor a remote caller
33 bingo game with one or more other organizations unless one of
34 the following is true:

35 (A) All of the cosponsors are affiliated under the master charter
36 or articles and bylaws of a single organization.

37 (B) All of the cosponsors are affiliated through an organization
38 described in paragraph (1) of subdivision (b), and have the same
39 Internal Revenue Service activity code.

(2) Notwithstanding paragraph (1), a maximum of 10 unaffiliated organizations described in paragraph (1) of subdivision (b) may enter into an agreement to cosponsor a remote caller game, provided that the game shall have not more than 10 locations.

(3) An organization shall not conduct remote caller bingo more than two days per week.

(4) Before sponsoring or operating any game authorized under paragraph (1) or (2), each of the cosponsoring organizations shall have entered into a written agreement, a copy of which shall be provided to the ~~commission~~, *Department of Justice*, setting forth how the expenses and proceeds of the game are to be allocated among the participating organizations, the bank accounts into which all receipts are to be deposited and from which all prizes are to be paid, and how game records are to be maintained and subjected to annual audit.

~~(p)~~

(o) The value of prizes awarded during the conduct of any remote caller bingo game shall not exceed 37 percent of the gross receipts for that game. When an authorized organization elects to deduct fees paid for the use and processing of credit card sales from the amount of gross revenues for that game awarded for prizes, the maximum amount of gross revenues that may be awarded for prizes shall not exceed 37 percent of the gross receipts for that game, less the amount of redirected fees paid for the use and processing of credit card sales. Every remote caller bingo game shall be played until a winner is declared. Progressive prizes are prohibited. The declared winner of a remote caller bingo game shall provide his or her identifying information and a mailing address to the onsite manager of the remote caller bingo game. Prizes shall be paid only by check; no cash prizes shall be paid. The organization conducting the remote caller bingo game may issue a check to the winner at the time of the game, or may send a check to the declared winner by United States Postal Service certified mail, return receipt requested. All prize money exceeding state and federal exemption limits on prize money shall be subject to income tax reporting and withholding requirements under applicable state and federal laws and regulations and those reports and withholding shall be forwarded, within 10 business days, to the appropriate state or federal agency on behalf of the winner. A report shall accompany the amount withheld identifying the person

1 on whose behalf the money is being sent. Any game interrupted
2 by a transmission failure, electrical outage, or act of God shall be
3 considered void in the location that was affected. A refund for a
4 canceled game or games shall be provided to the purchasers.

5 ~~(q)~~

6 (p) (1) The California Gambling Control Commission shall
7 regulate remote caller bingo, including, but not limited to, licensure
8 and operation. The commission shall establish reasonable criteria
9 regulating, and shall require the licensure of, the following:

10 (A) Any person who conducts a remote caller bingo game
11 pursuant to this section, including, but not limited to, an employee,
12 a person having fiduciary responsibility for a remote caller bingo
13 game, a site manager, and a bingo caller.

14 (B) Any person who directly or indirectly manufactures,
15 distributes, supplies, vends, leases, or otherwise provides supplies,
16 devices, services, or other equipment designed for use in the
17 playing of a remote caller bingo game by any nonprofit
18 organization.

19 (C) Beginning January 31, 2009, or a later date as may be
20 established by the commission, all persons described in
21 subparagraph (A) or (B) may submit to the commission a letter of
22 intent to submit an application for licensure. The letter shall clearly
23 identify the principal applicant, all categories under which the
24 application will be filed, and the names of all those particular
25 individuals who are applying. Each charitable organization shall
26 provide an estimate of the frequency with which it plans to conduct
27 remote caller bingo operations, including the number of locations.
28 The letter of intent may be withdrawn or updated at any time.

29 (2) (A) The Department of Justice shall conduct background
30 investigations and conduct field enforcement as it relates to remote
31 caller bingo consistent with the Gambling Control Act (Chapter 5
32 (commencing with Section 19800) of Division 8 of the Business
33 and Professions Code) and as specified in regulations promulgated
34 by the commission.

35 (B) Fees to cover background investigation costs shall be paid
36 and accounted for in accordance with Section 19867 of the
37 Business and Professions Code.

38 (3) (A) Every application for a license or approval shall be
39 accompanied by a nonrefundable fee, the amount of which shall
40 be adopted by the commission by regulation.

(B) Fees and revenue collected pursuant to this paragraph shall be deposited in the California Bingo Fund, which is hereby created in the State Treasury. The funds deposited in the California Bingo Fund shall be available, upon appropriation by the Legislature, for expenditure by the commission and the department exclusively for the support of the commission and department in carrying out their duties and responsibilities under this section and Section 326.5.

(C) A loan is hereby authorized from the Gambling Control Fund to the California Bingo Fund on or after January 1, 2009, in an amount of up to five hundred thousand dollars (\$500,000) to fund operating, personnel, and other startup costs incurred by the commission relating to this act. Funds from the California Bingo Fund shall be available to the commission upon appropriation by the Legislature in the annual Budget Act. The loan shall be subject to all of the following conditions:

(i) The loan shall be repaid to the Gambling Control Fund as soon as there is sufficient money in the California Bingo Fund to repay the amount loaned, but no later than five years after the date of the loan.

(ii) Interest on the loan shall be paid from the California Bingo Fund at the rate accruing to moneys in the Pooled Money Investment Account.

(iii) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards.

The commission may assess and collect reasonable fees and deposits as necessary to defray the costs of regulation and oversight.

~~(t)~~

(q) The administrative, managerial, technical, financial, and security personnel employed by an organization that conducts remote caller bingo games shall apply for, obtain, and thereafter maintain valid work permits, as defined in Section 19805 of the Business and Professions Code.

~~(s)~~

(r) An organization that conducts remote caller bingo games shall retain records in connection with the remote caller bingo game for five years.

~~(t)~~

(s) (1) All equipment used for remote caller bingo shall be approved in advance by the ~~California Gambling Control Commission~~ *Department of Justice* pursuant to regulations adopted pursuant to subdivision (r) of Section 19841 of the Business and Professions Code.

(2) The ~~California Gambling Control Commission~~ *department* shall monitor operation of the transmission and other equipment used for remote caller bingo, and monitor the game.

(t)

(t) (1) As used in this section, “remote caller bingo game” means a game of bingo, as defined in subdivision (o) of Section 326.5, in which the numbers or symbols on randomly drawn plastic balls are announced by a natural person present at the site at which the live game is conducted, and the organization conducting the bingo game uses audio and video technology to link any of its in-state facilities for the purpose of transmitting the remote calling of a live bingo game from a single location to multiple locations owned, leased, or rented by that organization, or as described in subdivision (o) of this section. The audio or video technology used to link the facilities may include cable, Internet, satellite, broadband, or telephone technology, or any other means of electronic transmission that ensures the secure, accurate, and simultaneous transmission of the announcement of numbers or symbols in the game from the location at which the game is called by a natural person to the remote location or locations at which players may participate in the game. The drawing of each ball bearing a number or symbol by the natural person calling the game shall be visible to all players as the ball is drawn, including through a simultaneous live video feed at remote locations at which players may participate in the game.

(2) The caller in the live game must be licensed by the California Gambling Control Commission. A game may be called by a nonlicensed caller if the drawing of balls and calling of numbers or symbols by that person is observed and personally supervised by a licensed caller.

(3) Remote caller bingo games shall be played using traditional paper or other tangible bingo cards and daubers, and shall not be played by using electronic devices, except card-minding devices, as described in paragraph (1) of subdivision (p) of Section 326.5.

(4) Prior to conducting a remote caller bingo game, the organization that conducts remote caller bingo shall submit to the ~~commission~~ *Department of Justice* the controls, methodology, and standards of game play, which shall include, but not be limited to, the equipment used to select bingo numbers and create or originate cards, control or maintenance, distribution to participating locations, and distribution to players. Those controls, methodologies, and standards shall be subject to prior approval by the ~~commission~~, *department*, provided that the controls shall be deemed approved by the ~~commission~~ *department* after 90 days from the date of submission unless disapproved.

~~(v)~~

(u) A location shall not be eligible to participate in a remote caller bingo game if bingo games are conducted at that location in violation of Section 326.5 or any regulation adopted by the commission pursuant to Section 19841 of the Business and Professions Code, including, but not limited to, a location at which unlawful electronic devices are used.

~~(w)~~

(v) (1) The vendor of the equipment used in a remote caller bingo game shall have its books and records audited at least annually by an independent California certified public accountant and shall submit the results of that audit to the ~~California Gambling Control Commission~~ *department* within 120 days after the close of the vendor's fiscal year. In addition, the ~~California Gambling Control Commission~~ *department* may audit the books and records of the vendor at any time.

(2) An authorized organization that conducts remote caller bingo games shall provide copies of the records pertaining to those games to the ~~California Gambling Control Commission~~ *department* within 30 days after the end of each calendar quarter. In addition, those records shall be audited by an independent California certified public accountant at least annually and copies of the audit reports shall be provided to the ~~California Gambling Control Commission~~ *department* within 120 days after the close of the organization's fiscal year. The audit report shall account for the annual amount of fees paid to financial institutions for the use and processing of credit card sales by the authorized organization and the amount of fees for the use and processing of credit card sales redirected from

1 “overhead costs” and deducted from the amount of gross revenues
2 awarded for prizes.

3 (3) The costs of the licensing and audits required by this section
4 shall be borne by the person or entity required to be licensed or
5 audited. The audit shall enumerate the receipts for remote caller
6 bingo, the prizes disbursed, the overhead costs, and the amount
7 retained by the nonprofit organization. ~~The commission~~ *department*
8 may audit the books and records of an organization that conducts
9 remote caller bingo games at any time.

10 (4) If, during an audit, ~~the commission~~ *department* identifies
11 practices in violation of this section, the license for the audited
12 entity may be suspended pending review and hearing before the
13 commission for a final determination.

14 (5) ~~No~~ Any audit required to be conducted by ~~the commission~~
15 *department* shall *not* commence before January 1, 2010.

16 ~~(x)~~

17 (w) (1) The provisions of this section are severable. If any
18 provision of this section or its application is held invalid, that
19 invalidity shall not affect other provisions or applications that can
20 be given effect without the invalid provision or application.

21 (2) Notwithstanding paragraph (1), if paragraph (1) or (3) of
22 subdivision (u), or the application of either of those provisions, is
23 held invalid, this entire section shall be invalid.

24 ~~(y)~~

25 (x) The commission shall submit a report to the Legislature, on
26 or before January 1, 2012, on the fundraising effectiveness and
27 regulation of remote caller bingo, and other matters that are relevant
28 to the public interest regarding remote caller bingo.

29 ~~(z)~~

30 (y) The following definitions apply for purposes of this section:

31 (1) “Commission” means the California Gambling Control
32 Commission.

33 (2) “Department” means the Department of Justice.

34 ~~(2)~~

35 (3) “Person” includes a natural person, corporation, limited
36 liability company, partnership, trust, joint venture, association, or
37 any other business organization.

38 *SEC. 115. Section 326.5 of the Penal Code is amended to read:*

39 326.5. (a) Neither the prohibition on gambling in this chapter
40 nor in Chapter 10 (commencing with Section 330) applies to any

bingo game that is conducted in a city, county, or city and county pursuant to an ordinance enacted under Section 19 of Article IV of the State Constitution, if the ordinance allows games to be conducted only in accordance with this section and only by organizations exempted from the payment of the bank and corporation tax by Sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701w, and 23701l of the Revenue and Taxation Code and by mobilehome park associations, senior citizens organizations, and charitable organizations affiliated with a school district; and if the receipts of those games are used only for charitable purposes.

(b) It is a misdemeanor for any person to receive or pay a profit, wage, or salary from any bingo game authorized by Section 19 of Article IV of the State Constitution. Security personnel employed by the organization conducting the bingo game may be paid from the revenues of bingo games, as provided in subdivisions (j) and (k).

(c) A violation of subdivision (b) shall be punishable by a fine not to exceed ten thousand dollars (\$10,000), which fine is deposited in the general fund of the city, county, or city and county that enacted the ordinance authorizing the bingo game. A violation of any provision of this section, other than subdivision (b), is a misdemeanor.

(d) The city, county, or city and county that enacted the ordinance authorizing the bingo game may bring an action to enjoin a violation of this section.

(e) ~~No minors~~ *Minors* shall *not* be allowed to participate in any bingo game.

(f) An organization authorized to conduct bingo games pursuant to subdivision (a) shall conduct a bingo game only on property owned or leased by it, or property whose use is donated to the organization, and which property is used by that organization for an office or for performance of the purposes for which the organization is organized. Nothing in this subdivision shall be construed to require that the property owned or leased by, or whose use is donated to, the organization be used or leased exclusively by, or donated exclusively to, that organization.

(g) All bingo games shall be open to the public, not just to the members of the authorized organization.

(h) A bingo game shall be operated and staffed only by members of the authorized organization that organized it. Those members shall not receive a profit, wage, or salary from any bingo game. Only the organization authorized to conduct a bingo game shall operate such a game, or participate in the promotion, supervision, or any other phase of a bingo game. This subdivision does not preclude the employment of security personnel who are not members of the authorized organization at a bingo game by the organization conducting the game.

(i) ~~No~~ Any individual, corporation, partnership, or other legal entity, except the organization authorized to conduct a bingo game, shall *not* hold a financial interest in the conduct of a bingo game.

(j) With respect to organizations exempt from payment of the bank and corporation tax by Section 23701d of the Revenue and Taxation Code, all profits derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account. Those profits shall be used only for charitable purposes.

(k) With respect to other organizations authorized to conduct bingo games pursuant to this section, all proceeds derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account. Proceeds are the receipts of bingo games conducted by organizations not within subdivision (j). Those proceeds shall be used only for charitable purposes, except as follows:

(1) The proceeds may be used for prizes.

(2) (A) Except as provided in subparagraph (B), a portion of the proceeds, not to exceed 20 percent of the proceeds before the deduction for prizes, or two thousand dollars (\$2,000) per month, whichever is less, may be used for the rental of property and for overhead, including the purchase of bingo equipment, administrative expenses, security equipment, and security personnel.

(B) For the purposes of bingo games conducted by the Lake Elsinore Elks Lodge, a portion of the proceeds, not to exceed 20 percent of the proceeds before the deduction for prizes, or three thousand dollars (\$3,000) per month, whichever is less, may be used for the rental of property and for overhead, including the purchase of bingo equipment, administrative expenses, security equipment, and security personnel. Any amount of the proceeds

that is additional to that permitted under subparagraph (A), up to one thousand dollars (\$1,000), shall be used for the purpose of financing the rebuilding of the facility and the replacement of equipment that was destroyed by fire in 2007. The exception to subparagraph (A) that is provided by this subparagraph shall remain in effect only until the cost of rebuilding the facility is repaid, or January 1, 2019, whichever occurs first.

(3) The proceeds may be used to pay license fees.

(4) A city, county, or city and county that enacts an ordinance permitting bingo games may specify in the ordinance that if the monthly gross receipts from bingo games of an organization within this subdivision exceed five thousand dollars (\$5,000), a minimum percentage of the proceeds shall be used only for charitable purposes not relating to the conducting of bingo games and that the balance shall be used for prizes, rental of property, overhead, administrative expenses, and payment of license fees. The amount of proceeds used for rental of property, overhead, and administrative expenses is subject to the limitations specified in paragraph (2).

(l) (1) A city, county, or city and county may impose a license fee on each organization that it authorizes to conduct bingo games. The fee, whether for the initial license or renewal, shall not exceed fifty dollars (\$50) annually, except as provided in paragraph (2). If an application for a license is denied, one-half of any license fee paid shall be refunded to the organization.

(2) In lieu of the license fee permitted under paragraph (1), a city, county, or city and county may impose a license fee of fifty dollars (\$50) paid upon application. If an application for a license is denied, one-half of the application fee shall be refunded to the organization. An additional fee for law enforcement and public safety costs incurred by the city, county, or city and county that are directly related to bingo activities may be imposed and shall be collected monthly by the city, county, or city and county issuing the license; however, the fee shall not exceed the actual costs incurred in providing the service.

(m) ~~No~~A person shall *not* be allowed to participate in a bingo game, unless the person is physically present at the time and place where the bingo game is being conducted.

(n) The total value of prizes available to be awarded during the conduct of any bingo games shall not exceed five hundred dollars

1 (\$500) in cash or kind, or both, for each separate game which is
2 held.

3 (o) As used in this section, “bingo” means a game of chance in
4 which prizes are awarded on the basis of designated numbers or
5 symbols that are marked or covered by the player on a tangible
6 card in the player’s possession and that conform to numbers or
7 symbols, selected at random and announced by a live caller.
8 Notwithstanding Section 330c, as used in this section, the game
9 of bingo includes tangible cards having numbers or symbols that
10 are concealed and preprinted in a manner providing for distribution
11 of prizes. Electronics or video displays shall not be used in
12 connection with the game of bingo, except in connection with the
13 caller’s drawing of numbers or symbols and the public display of
14 that drawing, and except as provided in subdivision (p). The
15 winning cards shall not be known prior to the game by any person
16 participating in the playing or operation of the bingo game. All
17 preprinted cards shall bear the legend, “for sale or use only in a
18 bingo game authorized under California law and pursuant to local
19 ordinance.” Only a covered or marked tangible card possessed by
20 a player and presented to an attendant may be used to claim a prize.
21 It is the intention of the Legislature that bingo as defined in this
22 subdivision applies exclusively to this section and shall not be
23 applied in the construction or enforcement of any other provision
24 of law.

25 (p) (1) Players who are physically present at a bingo game may
26 use hand-held, portable card-minding devices, as described in this
27 subdivision, to assist in monitoring the numbers or symbols
28 announced by a live caller as those numbers or symbols are called
29 in a live game. Card-minding devices may not be used in
30 connection with any game where a bingo card may be sold or
31 distributed after the start of the ball draw for that game. A
32 card-minding device shall do all of the following:

33 (A) Be capable of storing in the memory of the device bingo
34 faces of tangible cards purchased by a player.

35 (B) Provide a means for bingo players to input manually each
36 individual number or symbol announced by a live caller.

37 (C) Compare the numbers or symbols entered by the player to
38 the bingo faces previously stored in the memory of the device.

39 (D) Identify winning bingo patterns that exist on the stored
40 bingo faces.

1 (2) A card-minding device shall perform no functions involving
2 the play of the game other than those described in paragraph (1).
3 Card-minding devices shall not do any of the following:

4 (A) Be capable of accepting or dispensing any coins, currency,
5 or other representative of value or on which value has been
6 encoded.

7 (B) Be capable of monitoring any bingo card face other than
8 the faces of the tangible bingo card or cards purchased by the
9 player for that game.

10 (C) Display or represent the game result through any means,
11 including, but not limited to, video or mechanical reels or other
12 slot machine or casino game themes, other than highlighting the
13 winning numbers or symbols marked or covered on the tangible
14 bingo cards or giving an audio alert that the player's card has a
15 prize-winning pattern.

16 (D) Determine the outcome of any game or be physically or
17 electronically connected to any component that determines the
18 outcome of a game or to any other bingo equipment, including,
19 but not limited to, the ball call station, or to any other card-minding
20 device. No other player-operated or player-activated electronic or
21 electromechanical device or equipment is permitted to be used in
22 connection with a bingo game.

23 (3) (A) A card-minding device shall be approved in advance
24 by the ~~commission~~ *department* as meeting the requirements of this
25 section and any additional requirements stated in regulations
26 adopted by the commission. Any proposed material change to the
27 device, including any change to the software used by the device,
28 shall be submitted to the ~~commission~~ *department* and approved
29 by the ~~commission~~ *department* prior to implementation.

30 (B) In accordance with Chapter 5 (commencing with Section
31 19800) of Division 8 of the Business and Professions Code, the
32 commission shall establish reasonable criteria for, and require the
33 licensure of, any person that directly or indirectly manufactures,
34 distributes, supplies, vends, leases, or otherwise provides
35 card-minding devices or other supplies, equipment, or services
36 related to card-minding devices designed for use in the playing of
37 bingo games by any nonprofit organization.

38 (C) A person or entity that supplies or services any card-minding
39 device shall meet all licensing requirements established by the
40 commission in regulations.

1 (4) The costs of any testing, certification, license, or
2 determination required by this subdivision shall be borne by the
3 person or entity seeking it.

4 (5) On and after January 1, 2010, the commission and the
5 Department of Justice may inspect all card-minding devices at any
6 time without notice, and may immediately prohibit the use of any
7 device that does not comply with the requirements—*of made*
8 *pursuant to* subdivision (r) of Section 19841 of the Business and
9 Professions Code. The Department of Justice may at any time,
10 without notice, impound any device the use of which has been
11 prohibited by the commission.

12 (6) ~~The California Gambling Control Commission~~ *Department*
13 *of Justice* shall issue regulations to implement the requirements
14 of this ~~subdivision~~ *subdivision*, and ~~the California Gambling~~
15 *Control Commission* may issue regulations regarding the means
16 by which the operator of a bingo game, as required by applicable
17 law, may offer assistance to a player with disabilities in order to
18 enable that player to participate in a bingo game, provided that the
19 means of providing that assistance shall not be through any
20 electronic, electromechanical, or other device or equipment that
21 accepts the insertion of any coin, currency, token, credit card, or
22 other means of transmitting value, and does not constitute or is
23 not a part of a system that constitutes a video lottery terminal, slot
24 machine, or device prohibited by Chapter 10 (commencing with
25 Section 330).

26 (7) The following definitions apply for purposes of this
27 subdivision:

28 (A) “Commission” means the California Gambling Control
29 Commission.

30 (B) “Department” means the Department of Justice.

31 ~~(B)~~

32 (C) “Person” includes a natural person, corporation, limited
33 liability company, partnership, trust, joint venture, association, or
34 any other business organization.

35 *SEC. 116. Section 25464 of the Public Resources Code is*
36 *amended to read:*

37 25464. (a) For purposes of this section, the following
38 definitions apply:

39 (1) “Fund” means the Clean and Renewable Energy Business
40 Financing Revolving Loan Fund.

1 (2) “Program” means the Clean and Renewable Energy Business
2 Financing Revolving Loan Program.

3 (b) (1) The commission may use federal funds available
4 pursuant to this chapter to implement the Clean and Renewable
5 Energy Business Financing Revolving Loan Program to provide
6 low interest loans to California clean and renewable energy
7 manufacturing businesses.

8 (2) The commission may use other funding sources to leverage
9 loans awarded under the program.

10 (c) The commission may work directly with the ~~Business,~~
11 ~~Transportation Governor’s Office of Business and Housing Agency,~~
12 ~~Economic Development,~~ the Treasurer, or any other state agency,
13 board, commission, or authority to implement and administer the
14 program, and may contract for private services as needed to
15 implement the program.

16 (d) The commission may collect an application fee from
17 applicants applying for funding under the program to help offset
18 the costs of administering the program.

19 (e) (1) The Clean and Renewable Energy Business Financing
20 Revolving Loan Fund is hereby established in the State Treasury
21 to implement the program. The commission is authorized to
22 administer the fund for this purpose. Notwithstanding Section
23 13340 of the Government Code, the money in the fund is
24 continuously appropriated to the commission, without regard to
25 fiscal years, to implement the program.

26 (2) Upon direction by the commission, the Controller shall create
27 any accounts or subaccounts within the fund that the commission
28 determines are necessary to facilitate management of the fund.

29 (3) The Controller shall disburse and receive moneys in the fund
30 for purposes of the program and as authorized by the commission.

31 (4) All loans and repayments of loans made pursuant to this
32 section, including interest payments, penalty payments, and all
33 interest earning on or accruing to any moneys in the fund, shall be
34 deposited in the fund and shall be available for the purposes of
35 this section.

36 (5) The commission may expend up to 5 percent of moneys in
37 the fund for its administrative costs to implement the program.

38 (f) Federal funds available to the commission pursuant to this
39 chapter shall be transferred to the fund in the loan amounts when
40 loans are awarded under the program by the commission.

1 *SEC. 117. Section 41136 of the Revenue and Taxation Code*
2 *is amended to read:*

3 41136. ~~Funds—~~*From the funds in the State Emergency*
4 *Telephone Number Account, a minimum of one-half of 1 percent*
5 *of the charges for intrastate telephone communications and VoIP*
6 *service to which the surcharge applies shall, when appropriated*
7 *by the Legislature, be spent solely for the following purposes:*

8 ~~(a) A minimum of one-half of 1 percent of the charges for~~
9 ~~intrastate telephone communications services and VoIP service to~~
10 ~~which the surcharge applies, as follows:~~

11 ~~(1)~~

12 ~~(a)~~ To pay refunds authorized by this part.

13 ~~(2)~~

14 ~~(b)~~ To pay the State Board of Equalization for the cost of the
15 administration of this part.

16 ~~(3)~~

17 ~~(c)~~ To pay the office *Department of the State Chief Information*
18 ~~Officer Technology~~ for its costs in administration of the “911”
19 emergency telephone number system.

20 ~~(4)~~

21 ~~(d)~~ To pay bills submitted to the office *Department of the State*
22 ~~Chief Information Officer Technology~~ by service suppliers or
23 communications equipment companies for the installation of, and
24 ongoing expenses for, the following communications services
25 supplied to local agencies in connection with the “911” emergency
26 phone number system:

27 ~~(A)~~

28 ~~(1)~~ A basic system.

29 ~~(B)~~

30 ~~(2)~~ A basic system with telephone central office identification.

31 ~~(C)~~

32 ~~(3)~~ A system employing automatic call routing.

33 ~~(D)~~

34 ~~(4)~~ Approved incremental costs.

35 ~~(5)~~

36 ~~(e)~~ To pay claims of local agencies for approved incremental
37 costs, not previously compensated for by another governmental
38 agency.

39 ~~(6)~~

(f) To pay claims of local agencies for incremental costs and amounts, not previously compensated for by another governmental agency, incurred prior to the effective date of this part, for the installation and ongoing expenses for the following communication services supplied in connection with the “911” emergency telephone number system:

~~(A)~~

(1) A basic system.

~~(B)~~

(2) A basic system with telephone central office identification.

~~(C)~~

(3) A system employing automatic call routing.

~~(D)~~

(4) Approved incremental costs. Incremental costs shall not be allowed unless the costs are concurred in by the ~~office~~ *Department of the State Chief Information Officer, Technology*.

~~(b) (1) For the purposes of paragraph (5) of subdivision (a), the term incremental costs shall include a maximum of one-quarter of 1 percent of the charges for intrastate telephone communications services and VoIP service to which the surcharge applies for a one-time payment to Primary Public Safety Answering Points for the cost necessary to recruit and train additional personnel necessary to accept wireless enhanced “911” calls from within their jurisdiction routed directly to their call centers.~~

~~(2) Funds allocated pursuant to this subdivision shall supplement, and not supplant, existing funding for these services.~~

~~(3) This subdivision shall remain in effect only until December 31, 2011.~~

SEC. 118. Section 335 of the Unemployment Insurance Code is amended to read:

335. The department, in consultation and coordination with the film and movie industry, the ~~Business, Transportation Governor’s Office of Business and Housing Agency, Economic Development~~, and the California Film Commission shall do all of the following, contingent upon the appropriation of funds in the annual Budget Act for these specified purposes:

(a) Research and maintain data on the employment and output of the film industry, including full-time, part-time, contract, and short duration or single event employees.

1 (b) Examine the ethnic diversity and representation of minorities
2 in the entertainment industry.

3 (c) Determine the overall direct and indirect economic impact
4 of the film industry.

5 (d) Monitor film industry employment and activity in other
6 states and countries that compete with California for film
7 production.

8 (e) Review the effect that federal and state laws and local
9 ordinances have on the filmed entertainment industry.

10 (f) Prepare and release biannually a report to the chairpersons
11 of the appropriate Senate and Assembly policy committees that
12 details the information required by this section.

13 *SEC. 119. Section 10200 of the Unemployment Insurance Code*
14 *is amended to read:*

15 10200. The Legislature finds and declares the following:

16 (a) California's economy is being challenged by competition
17 from other states and overseas. In order to meet this challenge,
18 California's employers, workers, labor organizations, and
19 government need to invest in a skilled and productive workforce,
20 and in developing the skills of frontline workers. For purposes of
21 this section, "frontline worker" means a worker who directly
22 produces or delivers goods or services.

23 The purpose of this chapter is to establish a strategically designed
24 employment training program to promote a healthy labor market
25 in a growing, competitive economy that shall fund only projects
26 that meet the following criteria:

27 (1) Foster creation of high-wage, high-skilled jobs, or foster
28 retention of high-wage, high-skilled jobs in manufacturing and
29 other industries that are threatened by out-of-state and global
30 competition, including, but not limited to, those industries in which
31 targeted training resources for California's small and medium-sized
32 business suppliers will increase the state's competitiveness to
33 secure federal, private sector, and other nonstate funds. In addition,
34 provide for retraining contracts in companies that make a monetary
35 or in-kind contribution to the funded training enhancements.

36 (2) Encourage industry-based investment in human resources
37 development that promotes the competitiveness of California
38 industry through productivity and product quality enhancements.

39 (3) Result in secure jobs for those who successfully complete
40 training. All training shall be customized to the specific

requirements of one or more employers or a discrete industry and shall include general skills that trainees can use in the future.

(4) Supplement, rather than displace, funds available through existing programs conducted by employers and government-funded training programs, such as the Workforce Investment Act of 1998 (29 U.S.C. Sec. 2801 et seq.), the Carl D. Perkins Vocational Education Act (~~P.L.~~ *Public Law* 98-524), CalWORKs (Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code), the Enterprise Zone Act (Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 1 of the Government Code), and the McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11301 et seq.), the California Community Colleges Economic Development Program, or apportionment funds allocated to the community colleges, regional occupational centers and programs, or other local educational agencies. In addition, it is further the intention of the Legislature that programs developed pursuant to this chapter shall not replace, parallel, supplant, compete with, or duplicate in any way already existing approved apprenticeship programs.

(b) The Employment Training Panel, in funding projects that meet the requirements of subdivision (a), shall give funding priority to those projects that best meet the following goals:

(1) Result in the growth of the California economy by stimulating exports from the state and the production of goods and services that would otherwise be imported from outside the state.

(2) Train new employees of firms locating or expanding in the state that provide high-skilled, high-wage jobs and are committed to an ongoing investment in the training of frontline workers.

(3) Develop workers with skills that prepare them for the challenges of a high performance workplace of the future.

(4) Train workers who have been displaced, have received notification of impending layoff, or are subject to displacement, because of a plant closure, workforce reduction, changes in technology, or significantly increasing levels of international and out-of-state competition.

(5) Are jointly developed by business management and worker representatives.

(6) Develop career ladders for workers.

(7) Promote the retention and expansion of the state's manufacturing workforce.

(c) The program established through this chapter is to be coordinated with all existing employment training programs and economic development programs, including, but not limited to, programs such as the Workforce Investment Act of 1998 (29 U.S.C. Sec. 2801 et seq.), the California Community Colleges, the regional occupational programs, vocational education programs, joint labor-management training programs, and related programs under the Employment Development Department and the *Governor's Office of Business and Economic Development*, and the *Business, Transportation Consumer Services*, and Housing Agency.

SEC. 120. Section 10202.5 of the *Unemployment Insurance Code* is amended to read:

10202.5. (a) The panel shall consist of eight persons, seven of whom shall be appointed as provided in subdivision (b), and shall have experience and a demonstrated interest in business management and employment relations. The ~~Secretary~~ *Director of Business, Transportation the Governor's Office of Business and Housing, Economic Development*, or his or her designee, shall also serve on the panel as an ex officio, voting member.

(b) (1) Two members of the panel shall be appointed by the Speaker of the Assembly. One of those members shall be a private sector labor representative and the other member shall be a business representative.

(2) Two members of the panel shall be appointed by the President pro Tempore of the Senate. One of those members shall be a private sector labor representative and the other member shall be a business representative.

(3) Three members of the panel shall be appointed by the Governor. One of those members shall be a private sector labor representative, one member shall be a business representative, and one member shall be a public member.

(4) Labor appointments shall be made from nominations from state labor federations. Business appointments shall be made from nominations from state business organizations and business trade associations.

(5) The Governor shall designate a member to chair the panel, and the person so designated shall serve as the chair of the panel at the pleasure of the Governor.

(c) The appointive members of the panel shall serve for two-year terms.

(d) Appointive members of the panel shall receive the necessary traveling and other expenses incurred by them in the performance of their official duties out of appropriations made for the support of the panel. In addition, each appointive member of the panel shall receive one hundred dollars (\$100) for each day attending meetings of the panel, and may receive one hundred dollars (\$100) for each day spent conducting other official business of the panel, but not exceeding a maximum of three hundred dollars (\$300) per month.

SEC. 121. Section 15002 of the Unemployment Insurance Code is amended to read:

15002. (a) The California Workforce Investment Board (CWIB) shall establish a special committee known as the Green Collar Jobs Council (GCJC), comprised of the appropriate representatives from the CWIB existing membership, including the K–12 representative, the California Community Colleges representative, the ~~Business, Transportation~~ *Governor’s Office of Business and Housing Agency* ~~Economic Development~~ representative, the Employment Development Department representative, and other appropriate members. The GCJC may consult with other state agencies, other higher education representatives, local workforce investment boards, and industry representatives as well as philanthropic, nongovernmental, and environmental groups, as appropriate, in the development of a strategic initiative. To the extent private funds are available, is the intent of the Legislature that the GCJC will develop an annual award for outstanding achievement for workforce training programs operated by local or state agencies, businesses, or nongovernment organizations to be named after Parrish R. Collins.

(b) As part of the strategic initiative, the GCJC shall focus on developing the framework, funding, strategies, programs, policies, partnerships, and opportunities necessary to address the growing need for a highly skilled and well-trained workforce to meet the needs of California’s emerging green economy. The GCJC shall do all of the following:

(1) Assist in identifying and linking green collar job opportunities with workforce development training opportunities in local workforce investment areas (LWIAs), encouraging regional collaboration among LWIAs to meet regional economic demands.

1 (2) Align workforce development activities with regional
2 economic recovery and growth strategies.

3 (3) Develop public, private, philanthropic, and nongovernmental
4 partnerships to build and expand the state's workforce development
5 programs, network, and infrastructure.

6 (4) Provide policy guidance for job training programs for the
7 clean and green technology sectors to help them prepare specific
8 populations, such as at-risk youth, displaced workers, veterans,
9 formerly incarcerated individuals, and others facing barriers to
10 employment.

11 (5) Develop, collect, analyze, and distribute statewide and
12 regional labor market data on California's new and emerging green
13 industries workforce needs, trends, and job growth.

14 (6) Collaborate with community colleges and other educational
15 institutions, registered apprenticeship programs, business and labor
16 organizations, and community-based and philanthropic
17 organizations to align workforce development services with
18 strategies for regional economic growth.

19 (7) Identify funding resources and make recommendations on
20 how to expand and leverage these funds.

21 (8) Foster regional collaboratives in the green economic sector.

22 (c) The CWIB may accept any revenues, moneys, grants, goods,
23 or services from federal and state entities, philanthropic
24 organizations, and other sources, to be used for purposes relating
25 to the administration and implementation of the strategic initiative,
26 as described in subdivision (b). The CWIB shall also ensure the
27 highest level of transparency and accountability and make
28 information available on the CWIB Internet Web site.

29 (d) Upon appropriation by the Legislature, the department may
30 expend the moneys and revenues received pursuant to subdivision
31 (c) for purposes related to the administration and implementation
32 of the strategic initiative, and for the award of workforce training
33 grants implementing the strategic initiative.

34 *SEC. 122. This act shall become operative on July 1, 2013,*
35 *except that Section 7 of this act, amending Section 5405 of the*
36 *Civil Code, shall become operative on January 1, 2014.*

37 *SEC. 123. This act is an urgency statute necessary for the*
38 *immediate preservation of the public peace, health, or safety within*
39 *the meaning of Article IV of the Constitution and shall go into*
40 *immediate effect. The facts constituting the necessity are:*

1 *To allow programmatic changes in statute to be operative at the*
2 *same time the Governor's Reorganization Plan No. 2 of 2012*
3 *becomes operative, it is necessary that this act take effect*
4 *immediately.*

5 ~~SECTION 1. It is the intent of the Legislature to enact~~
6 ~~legislation to make conforming programmatic changes to~~
7 ~~implement the provisions of the Governor's Reorganization Plan~~
8 ~~No. 2 of 2012.~~

O